

FINANCIAL TIMES

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D 8523 B

Stock markets:
Europe in
spotlight, Page 12

World news Business summary

Hart drops Icahn out of Senate contest

Senator Gary Hart, a candidate for the Democratic nomination in 1984, said at the weekend that he would not seek re-election to the US Senate next year, but stepped short of announcing an outright bid for the presidential nomination in 1988.

Icahn becomes chairman of TWA

CARL ICAHN, the Wall Street investor, has become chairman of TWA, struggling US airline, after resolving a last minute stumbling block with the air carrier's pilots and winning management approval for a revised and scaled-down no-cash merger deal. Page 16

Pakistan rallies

Pakistan's largest opposition party the PPP, staged the first open political rallies in the country since eight and a half years of martial law ended last week.

Spain Nato warning

Spanish Deputy Prime Minister Alfonso Guerra said the Government might dissolve parliament and call early elections if it lost a referendum on continued membership in Nato.

Punjab killings

Two people were killed and at least seven injured over the weekend as Sikh extremists stepped up attacks in India's Punjab state.

French air strike

French air traffic controllers have called a one-day strike, but minimum services will be provided for both national and international flights according to airport authorities.

W. German arrests

Police said that 134 anti-nuclear demonstrators were arrested in Amberg, northern Bavaria, after damaging the facade of a jail holding two protesters who allegedly clashed with officers at a nuclear plant construction site.

Death toll rises

The death toll in a bitter spell of cold weather sweeping down from the Himalayan mountains across northern India and neighbouring Bangladesh in the past 12 days has risen to at least 147.

Volcano rumbles on

Columbia's Nevado del Ruiz volcano rumbled loudly and ejected ash, raising fears of an imminent eruption similar to the one that killed 23,000 people in November. Page 3

Gulf flare-up

Iraq said its aircraft attacked Iran's main oil export terminal at Kharg Island and hit a large naval target in the Gulf.

Avalanche kills two

Two Swedish skiers died in hospital after being caught in an avalanche in the mountains near Verbier.

Soviet sackings

A large number of party officials in the Soviet republic of Kirgizia have been sacked and seriously reprimanded for allowing a drop in economic performance and moral standards, according to the government newspaper Izvestia.

Isherwood dies

British-born author Christopher Isherwood, whose book 'Goodbye to Berlin' was made into the film and stage musical 'Cabaret', has died of cancer at the age of 51. Obituary, Page 11

FT travel writer dies

ARTHUR Sandles, the Financial Times writer on travel and leisure, died suddenly yesterday while skiing in Switzerland. Mr Sandles, who joined the FT in 1961, was 50.

French press magnate defies newspaper ownership law

MR ROBERT HERSANT, the French right-wing press magnate, has deliberately defied President Francois Mitterrand's Socialist Administration by taking over a leading provincial daily in violation of a recent law on newspaper ownership.

Hersant would face prosecution before the courts. But it is doubtful whether either the commission or the Government have the power to impose on Mr Hersant the heavy fines - and even in certain circumstances the prison sentence - provided for by the law.

With an estimated 25 per cent increase in circulation in recent months after introducing a financial "bingo" game - it now sells 480,000 copies a day - thus overhauling Le Monde.

Westland expected to unveil improved offer by Sikorsky

WESTLAND, the troubled British helicopter company, is expected to announce an improved offer from Sikorsky/Fiat today which the board considers is better than the rival rescue plan put forward by the five-strong European aerospace consortium.

Inquiry into US N-plant leak opens

THE US Nuclear Regulatory Commission (NRC) began an investigation yesterday into an accident at an Oklahoma uranium processing plant, where one worker was killed and more than 100 others were injured.

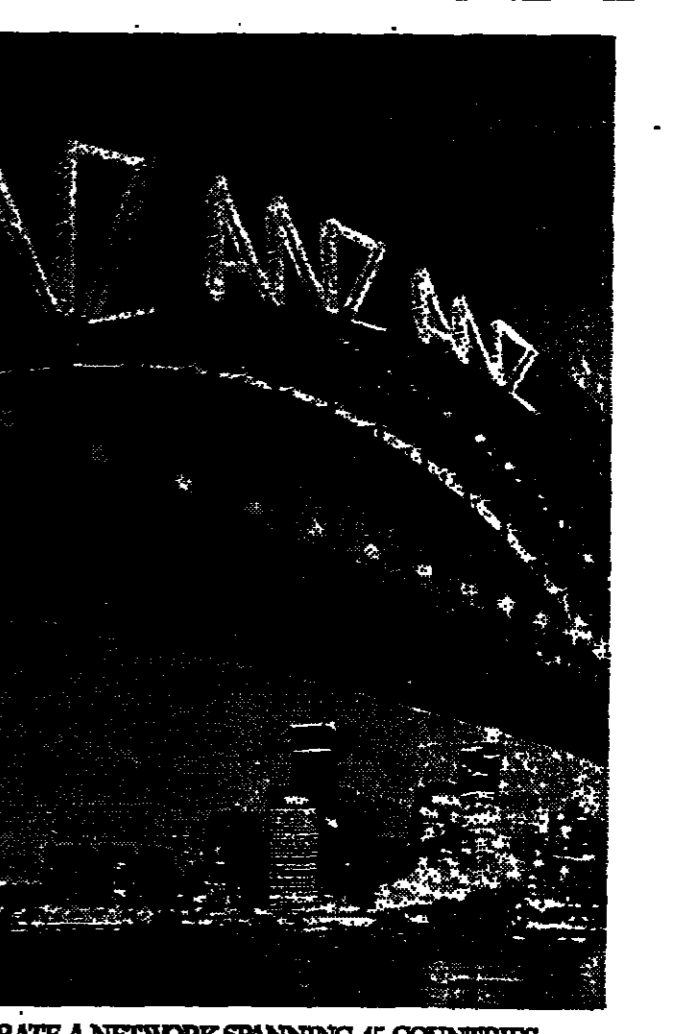
US and Israel warned over threats to Libya

THE SOVIET UNION and Arab countries have rallied to the defence of Libya in the face of US and Israeli threats of military action against Col Muammar Gaddafi's regime.

Tin Council delegates to study latest market rescue plans

DELEGATES to the International Tin Council (ITC) return from their Christmas break this week to consider fresh proposals for rescuing the tin market.

There are suggestions among brokers of the London Metal Exchange - where tin trading has been suspended since the ITC ran out of money to support the price more than 10 weeks ago - that the extent of governmental contributions would be subject to negotiation.



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ANZ & GRINDLAYS OPERATE A NETWORK SPANNING 45 COUNTRIES

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OVERSEAS NEWS

Pakistan opposition tests Zia

By Mohammad Aftab in Islamabad
PAKISTAN'S main opposition party gave its first show of strength for more than eight-and-a-half years on Sunday, with rallies in dozens of Pakistani cities.

Landmine blast kills two in Transvaal

BY ANTHONY ROBINSON IN CAPE TOWN

A WHITE farmer and his 32-year-old daughter-in-law were killed and two other passengers in their truck injured over the weekend when their vehicle detonated a mine planted on an isolated north-west Transvaal farm only three kilometres from the Botswana border.

Crocker to reopen talks with Angola

RENEWED efforts to bring about the independence of Namibia are due to get under way this week when Dr Chester Crocker, the US Assistant Secretary of State for African Affairs, visits Lusaka for talks with senior Angolan officials.

Angolan officials in the Zambian capital, Lusaka, last November. Efforts to bring about Namibia's independence have been held up by South Africa's insistence, backed by Washington, that any withdrawal of Pretoria's troops from Namibia should be matched by the pull-out of an estimated 25,000 Cuban troops in Angola.

Economic ties top agenda for visit of Nigerian minister

BY MICHAEL HOLMAN

PROFESSOR Bolaaji Akinyemi, Nigeria's Minister for External Affairs, is due in London today for the first official visit by a Nigerian minister since the August coup brought General Ibrahim Babangida to power.

NOTICE OF REDEMPTION

To the Holders of

General Mills, Inc.

U.S. \$100,000,000 12% Notes, Series A, due December 19, 1991

NOTICE IS HEREBY GIVEN to the holders of the outstanding 12% Notes, Series A, due December 19, 1991 (the "Notes") of General Mills, Inc. (the "Company") that, pursuant to the provisions of Section 7(a) of the Series A Fiscal and Paying Agency Agreement dated as of December 19, 1984 between the Company and Morgan Guaranty Trust Company of New York (the "Fiscal Agent") and Paragraph 4(a) of the Terms and Conditions of the Notes, the Company has elected to redeem on February 5, 1986 U.S. \$15,700,000 principal amount of the Notes (the "Redemption Notes") at a redemption price equal to 101% of the principal amount thereof, together with accrued interest to said date, in the amount of U.S. \$16.67 for each U.S. \$5,000 principal amount and U.S. \$133.33 for each U.S. \$10,000 principal amount as follows:

Table with 2 columns: Outstanding Notes of \$5,000 Each Bearing the Following Distinctive Numbers (1-7999) and Outstanding Notes of \$10,000 Each Bearing the Following Distinctive Numbers (1-7999).

US high-tech company seeks 'fifth-generation' computer

BY DAVID FISHLICK, SCIENCE EDITOR

AT LEAST one high-technology start-up company has no need to hustle for money. Microelectronics and Computer Technology Corporation (MCC), of Austin, Texas, has a guaranteed income of \$50m for the current year, rising to \$60m next year, for research at the leading edge of electronics.

Norris, its founder, expected when he began to alert US industry to the magnitude of the threat he believed was posed by ICOT in 1982. "We are comfortable now with the number of companies. We are not recruiting," says Mr Bill Stotenburg, responsible for MCC's relations with the government.

MCC is America's answer to Japan's 5th generation computer program in search of the "fifth-generation" computer. The first four are defined as computers based respectively on valves, transistors, integrated circuits and very large scale integration (VLSI). The big question is what will be the technological base of the fifth generation.

Iranians help fight blaze on Maltese tanker

IRANIAN tugboats yesterday fought to extinguish the flames on the Maltese tanker Komcar after it was hit by an Iraqi oil tanker in the Kharg Island oil terminal, Gulf shipping officials report.

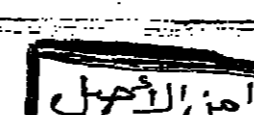
It was the second tanker to be attacked by Iraq in the vicinity of Kuwait since January 1, when an Iranian merchant ship was sunk. The 62,000-ton tanker was attacked by Iraqi warplanes after taking on a full load of Iranian crude oil from the terminal. The London-based Lloyd's shipping intelligence unit reported that the attack took place 20 miles south of Kharg. The crew abandoned the vessel but the captain, two seamen and the radio operator remained aboard to fight the flames.

One widespread misconception, however, is that MCC is developing an American "supercomputer." That it strongly denies. It cannot under anti-trust law. The company is developing the tools and techniques which might help its shareholders to develop their own supercomputers and other technologies.

Behind the security of reflecting black glass panels, its laboratory near Austin has mounted four research programmes, all conducted almost entirely in-house. They were the four programmes outlined in Mr Norris's original blueprint for pro-competitive research in electronics - research at a stage where no product or process is in sight.

Only long-range research of this kind, well ahead of prototype development, could satisfy US anti-trust law and inspire confidential collaboration between commercial competitors.

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OVERSEAS NEWS

Marcos claims rebels use arms to back Aquino

PRESIDENT FERDINAND Marcos of the Philippines claimed yesterday that communist rebels were using arms to campaign for Mrs Corason Aquino, the opposition presidential candidate, and were threatening to wipe out rural villages if residents vote for him in the elections on February 7. AP reports from Taytay.

Mr Marcos, in a campaign speech to a fishing community on the shores of Laguna de Bay lake just outside Manila, did not specify, however, where the rebels allegedly were harassing voters or say who his sources were.

He repeated a charge that "our opponents helped organize the communists and enjoy the support of the New People's Army," the armed wing of the Communist Party.

"They say in the villages, we will be watching you and if we see that you have voted for Marcos, we will kill you all," he said.

A crowd estimated by reporters at about 6,000 attended the rally in a plaza between a Roman Catholic church and the municipal hall of Taytay town on a windswept hill overlooking the lake, the country's largest inland body of water.

As in his previous campaign rallies Mr Marcos was preceded by popular singing stars and comedians who entertained the crowd. Although the people applauded the songs and laughed at the comedians' antics, they did not respond to cues from the master of ceremonies by chant "we are for Marcos."

They cheered and applauded Mr Marcos, however, when he announced the release of 300m pesos (\$15.6m) for leading to fishermen living around the lake and more than 10m pesos for a road and flood-control project.

Explaining his decision to call the presidential election 16 months before his current six-year term expired, Mr Marcos said he wanted the question of his popularity settled amid criticism at home and abroad of his 20-year rule.

Meanwhile Mrs Aquino cut short her two-day campaign in Mr Marcos' central Philippine home region, flying back to Manila to attend to what campaign officials described only as a family emergency.

US films attacked for anti-Soviet attitudes

By Patrick Coddern in Moscow

SOVIET officials have complained that American films portrayed individual Soviet citizens as "perfidious, insensitive and aggressive," creating an atmosphere of paranoia about the Soviet Union in the US.

Mr Georgy Ivanov, deputy Culture Minister, made his attack at a press conference to mark the reopening of cultural exchanges between the US and Soviet Union after a break of six years.

The new accord on exchanges in literature, music and other arts was agreed at the Geneva summit by President Reagan and Mr Mikhail Gorbachev, the Soviet leader.

In some recent films a new type of American hero "kills reds and Russians not for money but with a kind of perverse religion," Mr Ivanov said, citing Rambo II and Red Dawn as films showing this attitude. He also attacked a plan by the US television network ABC to make a 16 hour long television series about the US, after it is devastated by ten years of Soviet occupation.

The hostility of popular American perceptions of the USSR has increasingly worried the Kremlin since Mr Mikhail Gorbachev became leader. Mr Ivanov said that a New York Times opinion poll showed that 44 per cent of Americans did not know that the Soviet Union and the US were allies in World War II and that 28 per cent of those polled believed that the two countries had fought on opposite sides.

Senior Soviet cultural officials, an elderly group in office for 20 years and so far untouched by Mr Gorbachev's purge of long term administrators said yesterday that the Soviet Union was more willing than the US to acquaint its people with the culture of the other super power.

A Soviet newspaper published a series of letters from readers yesterday calling on the state media to report more evenly and not to conceal natural disasters and other problems, Rostov reports.

Fear letters from readers of the daily Sovietkiya Rossiya said too much attention was paid to achievements and not enough to problems facing the country.

Spain dispatches a familiar face

BY DAVID WHITE IN MADRID



Spanish and Portuguese Commissioners receive portfolios at the first meeting of the Commission since Spain and Portugal joined the Community. (L to R) Mr Matutes, Mr Cardoso e Cunha, Commission President Jacques Delors and Mr Marin

"Un buen chico"—a good lad—is how Mr Manuel Marin, Spain's vice-president on the European Commission, has come to be regarded even by Spanish businessmen, and for a socialist it is quite a compliment.

The man who at 36 takes over from Ireland's Peter Sutherland took the Brussels post pretty much by right. For almost three years he has been the front man in the nitty-gritty of the final entry negotiations, as secretary of state for relations with the EEC.

In that job he won the title of "the briefcase man," respect for his tireless insistence and attention to fine detail, and a good deal of sympathy. By the time Spain and Portugal signed their accession treaties in June he was already marked down for the Commission job.

The social affairs, employment and education portfolio which he has been assigned is one in which Spain—with the Community's highest unemployment rate of close to 22 per cent—has a strong vested interest.

But Mr Marin knows the EEC well enough to have already taken care to establish his distance from the Madrid Government. He has taken positions, for instance on trade union privileges, that deviate noticeably from the party line.

Quiet, with a nervous habit of rubbing the side of his nose when he speaks, but a good communicator, Mr Marin with his tall, dark good looks adds a large dose of charm to his talent for driving a hard bargain.

When he became an MP for Ciudad Real, in his home region of La Mancha, in 1977 he was the youngest member. He is now not only the Commission's youngest, but also the first to have graduated from the College of Europe in Bruges, where he went after getting a master's degree in Community law at the French university of Nancy.

Curiously, it was in Brussels that he joined the Spanish Socialist Party, when it was still an underground organisation, in 1975.

Mr Abel Matutes, the other Spaniard on the Commission, with a newly-invented job which covers credits, investments, financial operations and small and medium-sized companies, carries a slight stigma for not having been a first choice.

It was typical of Spanish politics that the Commission appointments should not go through without a prolonged controversy. Having argued strongly for getting two commissioners like the four biggest EEC members, Spain could not decide until late in November, after a month-long deadlock, who should fill the second post.

By accepting the principle that the second nominee should come from the main opposition party, the conservative Popular Alliance, Spain excluded most of the obvious non-socialist candidates, those who were directly involved in earlier stages of the negotiations, and who belong to centre parties.

The first list of three names submitted by Mr Manuel Fraga, the Popular Alliance leader, was designed with an eye to export to lucrative EEC markets and is jointly owned by thousands of investors who once had shares in Angolan diamond mines nationalised after decolonisation in 1975.

Shortly before he left for Brussels to take up his new post Mr Cardoso e Cunha, with characteristic bluntness, said Portugal's European venture is the means of breaking with "degrading, unjust economic, cultural and social devaluation" which marked his country's recent past.

smacked too much of the Franco regime to be acceptable to the Government.

Mr Matutes, 44, the party's top spokesman on the economy, was not contacted about the job until a week before his appointment, which came as a surprise. Since then, he has had to learn rapidly about the Community and its institutions.

However, Mr Matutes' lack of international experience is offset by his business background. Coming from a banking family, Mr Matutes built up a tourism and property empire during the later Franco years in Ibiza, where he is known as the "master of the islands." He has degrees in both law and economics and a couple of seasons to his credit at the Barcelona soccer club Espanol.

Mr Mak Hon Kam, an opponent of Mr Tan, was retained but transferred from the Labour Ministry to Health. His retention in the Cabinet is seen as part of Mr Tan's plan to heal the party's wounds.

Apart from the MCA Cabinet position, there were no changes affecting ministers from other parties of Dr Mohamed Mahathir's National Front Coalition Government. Mr Tan's most immediate problem is to raise \$58m (\$2.5m) by tomorrow as part of \$220m which he had to inject into Pan Electric to keep the company afloat to allow a long-term rescue plan to be worked out.

He had also agreed to take on personally \$160m-worth of forward share purchase contracts from Pan Electric and had secured consent from most brokers to roll these over for another six months.

Mr Tan's close associates say if he is able to settle his financial obligations and rationalise his business interests, he is likely to join the Cabinet.

Tan boosts Malaysian Chinese party role

By Wong Sulong in Kuala Lumpur

MR TAN KOON SWAN, the beleaguered entrepreneur and politician, has consolidated his position as leader of the Malaysian Chinese Association (MCA) the largest Chinese political party, following a Cabinet reshuffle over the weekend. Three of his supporters have joined its ranks.

Mr Tan, 46, won the presidency of the MCA last November after a protracted and bitter power struggle and the Cabinet changes were made to reflect the new MCA leadership line-up.

As expected, Mr Tan himself did not take a ministerial position partly because he wanted to devote more time to strengthening the MCA, and partly because of business problems arising from his involvement in Pan Electric Industries, the Singapore marine and engineering group now under receivership.

The new ministers are Dr Liag Tiong Sik, deputy MCA president, who is given the transport portfolio; Mr Lee Kim Sai is Labour Minister, and Mr Chan Siong Sun takes over housing and local government.

Fears grow that Colombian volcano may erupt again

COLOMBIA'S Nevado del Ruiz volcano rumbled loudly and spat ash yesterday, raising fears of an imminent eruption similar to the one that killed 23,000 people in November, Rostov reports from Bogota.

Mr Flavio Rodriguez secretary general of Tolima province said three tremors shook the bowels of the 5,400-metre volcano as the acrid smell of sulphur filled the air.

The government said an emergency declared yesterday, accompanied by the precautionary evacuation of about 7,000 people from low-lying areas under the volcano, would remain in force until further notice.

Mr Rodriguez, who also heads the provincial emergency committee, said the latest seismic activity melted parts of a glacier at the source of the Guail River whose waters rose at least 30 cm. Scientists monitoring the volcano say there is a serious risk of the huge ice cap melting and triggering avalanches like those which buried the town of Armero under mud on November 13.

Local officials reported initial panic among some residents but emphasised the voluntary evacuation—the first since the Armero disaster—took place with no incidents.

The volcano has been rumbling since November and fractures were reported last month in glaciers near the source of the Australero river. The evacuation advice affected all residents within 200 metres of five rivers, including the Australero.

The Government said last night the greatest threat was of mud avalanches and fresh floods. The emission of molten lava could not be ruled out but would affect an area of only six to seven km around the crater.

Portugal champion braced for the challenge

BY DIANA SMITH IN LISBON

PORTUGAL'S first EEC Commissioner, Mr Antonio Cardoso e Cunha, is used to challenge, but he may find that the distance between cattle ranching in Angola and fishing negotiations in Brussels is as great in spirit as in miles.

An industrial engineer by training the 53-year-old native of Lisbon brings long experience as an entrepreneur, technician and politician to one of the EEC's most exacting areas, where his country has a vital interest.

Portugal, the reluctant host for 14 years of the powerful Spanish fishing fleet, now relies on the Common Fisheries Policy to regulate Spanish access to its waters with a tight licensing system, to modernise its dilapidated fishing fleet and to ensure fair access for Portuguese vessels to Community waters.

Mr Cardoso e Cunha may suffer initially from his inexperience of the workings of the EEC machinery. His nomination by the three-month-old government of Professor Ant6nio Cavaco Silva came very late,

but his record indicates an ability to adjust quickly. After returning from Angola, where he left behind lucrative businesses and ranching, he served between 1978 and 1981 in three governments—as Foreign Trade Secretary, Industry Secretary and, in 1980-81, as a plain-speaking Minister of Agriculture and Fisheries.

He recently set up one of Portugal's most successful new agricultural ventures, the Cruz do Campo project, producing mushrooms and upmarket fruit and vegetables. The project

was designed with an eye to export to lucrative EEC markets and is jointly owned by thousands of investors who once had shares in Angolan diamond mines nationalised after decolonisation in 1975.

Shortly before he left for Brussels to take up his new post Mr Cardoso e Cunha, with characteristic bluntness, said Portugal's European venture is the means of breaking with "degrading, unjust economic, cultural and social devaluation" which marked his country's recent past.

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WORLD TRADE NEWS

VW seeks share in Soviet project

BY JOHN DAVIES IN FRANKFURT

WEST GERMANY, which is vying with other Western nations for increased business in the Soviet Union, is hoping to play an important role in a big Soviet motor vehicle project.

VW, which is 20 per cent owned by the Federal Government and 20 per cent by the state of Lower Saxony, does not consider a decision or contract to be imminent.

Other companies interested in aspects of the Soviet motor vehicle project are Saigitter, the federal government-owned steel and manufacturing group, and Liebherr, the construction equipment and engineering concern which has long-standing business links with the Russians.

Hungary is offering tax benefits, cheap labour and some customs facilities to attract foreign know-how and capital in joint ventures with Hungarian partners, AP reports from Budapest.

French in talks on helicopters for Hungary

By Paul Bettis in Paris

AEROSPATIALE, the French state aerospace group, is in advanced negotiations with Hungary to sell the East European country up to 75 Ecureuil helicopters over 10 years in a deal worth at least Fr 500m (\$29m).

Foreign companies in protest at Pakistan countertrade plan

BY MOHAMED AFTAB IN ISLAMABAD

PAKISTAN'S plan to commission three foreign companies to undertake some \$1bn (\$714m) in countertrade business is looking uncertain following protests by 40 other companies seeking a share in the business.

The controversy arose after the Ministry of Commerce's recent decision to assign three trading companies—Sulair of Sweden, Marco of Switzerland and Mitsubishi of Japan—to arrange the export through countertrade of \$500m in Pakistani goods, with a further \$500m to be imported in compensation.

Imports will be 10 per cent higher under the Commerce Department plan compared with cash deals. They cite a recent deal under negotiation to import Malaysian palm oil. If the goods were acquired through countertrade, they would cost \$430-\$435 a tonne compared with \$380 a tonne for cash with delivery this month.

Snamprogetti wins Siberia smelter order

By Alan Friedman in Milan

SNAMPROGETTI, the plant engineering subsidiary of Italy's ENI state energy group, has won a \$60m (\$42.8m) contract to build in the Soviet Union what it claims will be the world's largest and most automated electrolytic zinc smelter.

China and West Germany in joint rail freight venture

BY JOHN DAVIES IN FRANKFURT

CHINA AND West Germany have set up a joint venture company to promote the use of the trans-Siberian railway for freight.

The project reflects efforts being made by the Chinese and international trading partners to build up freight services in an organised way.

several years to iron out "weak spots" hampering the country's handling of air freight. As a result, the company is expanding its Peking office and setting up another base in Shanghai to help improve cargo handling.

The plant will produce 200,000 tonnes a year of refined zinc at a site at Selabinsk in western Siberia. Completion is expected by 1988.

The joint venture has brought together Sinotrans, the Chinese freight group, and Schenker, the freight forwarding subsidiary of the Bundesbahn, the West German government-owned railways. They have set up a company called Sinotrans Schenker, with total capital of DM 300,000 and with an office in Hamburg.

Under an agreement with the Chinese, Kühne & Nagel handles consolidated air freight shipments bound for China.

But the company believes it will take the Chinese authorities

SHIPPING REPORT

World shipping faces flat year

BY ANDREW FISHER, SHIPPING CORRESPONDENT

STARRY-EYED optimists are few and far between in world shipping after markets have been bumped uncomfortably back to reality in the past year or so.

Banks, too, should now be more conscious of the need to relate ships' values to current building costs and be more selective in their choice of risks.

Costes, the UK shipbroker, said prospects for the early part of 1986 looked bad, though the usual seasonal upturn of April-May could help rates.

TRADE STATISTICS

World Economic Indicators

Table with columns for Country, Exports, Imports, Balance for Nov. 85, Oct. 85, Sept. 85, and Nov. 84.

Dutch leader in call to US on fibre row

MR RUUD LUBBERS, the Dutch Prime Minister, has written to President Ronald Reagan of the US expressing concern about US-Dutch relations becoming strained by a row between two major chemical companies, agencies report.

On November 25, the US International Trade Commission (ITC) banned Enka from selling its new "Twaron" aramide fibre in the US before 1989, on the grounds that it would seriously affect sales of Du Pont's similar "Kevlar" fibre.

A Dutch appeal court last week upheld an earlier ban on Du Pont marketing Kevlar in the Netherlands, saying Du Pont had disregarded a patent held by Enka on the process used in making the fibres.

The Dutch Government is backing Enka's appeal through the European Commission against the ITC decision.

This announcement appears as a matter of record only.

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O'Neill predicts tough trade Bill this year

MR THOMAS O'NEILL, speaker of the US House of Representatives, has predicted that Congress would pass legislation this year to force America's trading partners to open their markets to US goods.

He added that a Bill that would impose a 25 per cent tax on imports from countries with big surpluses in their trade with the US would be "an excellent starting point for such (trade) action."

Gibraltar go-ahead for tourist projects

GIBRALTAR has given the go-ahead for major development projects to boost the colony's tourist industry, Joe Garcia writes from Gibraltar.

Contracts & Tenders

Kenya Airways TENDER FOR ADVERTISING

- TENDERS ARE INVITED FROM ADVERTISING AGENCIES TO UNDERTAKE:
(a) Media advertising in Kenya and overseas locations;
(b) Production of display materials for use in Kenya and abroad;
(c) Production and/or design work for giveaway and promotional items which may be produced locally or overseas; and
(d) Production and/or design materials for use during special events, promotions or exhibitions.

Tender documents may be obtained from the Company Secretary, Kenya Airways, PO Box 19002, Nairobi. Tenders in plain sealed envelopes marked "Confidential Tender for Advertising" without further indication of the contents should be addressed to The Company Secretary, Kenya Airways, PO Box 19002, Nairobi, or delivered to the Tender Box in the Company Secretary's Office, 3rd Floor, Kenya Airways Headquarters Building, Embakasi, Nairobi, so as to reach him by noon GMT on 20 January 1986.

Kenya Airways shall not be bound to accept the lowest or any Tender.

K. S. BHULLAR, Company Secretary

Kenya Airways TENDER NOTICE

RENEWAL OF THE INSURANCE COVERS FOR 1986/87

Tenders are invited for aviation and non-aviation policies and medical insurance scheme for a period 1 April 1986 to 31 March 1987. Tender documents are obtained from the Company Secretary, Kenya Airways, P.O. Box 19002, Nairobi. Tenders in plain sealed envelopes marked "Confidential tender for renewal of insurance covers 1986/87" without further indication of the contents, should be addressed to The Company Secretary, Kenya Airways, PO Box 19002, Nairobi, or delivered to the Tender Box in Company Secretary's Office, 3rd Floor, Headquarters Building, Embakasi, Nairobi, so as to reach him by noon GMT on 20 January 1986.

Kenya Airways shall not be bound to accept the lowest or any Tender.

K. S. BHULLAR, Company Secretary

Company Notices

KUBOTA LIMITED European Depositary Receipts issued by Morgan Guaranty Trust Company of New York. A distribution of \$1,371.12 per depositary share less any applicable taxes will be payable on and after December 15, 1985 upon presentation of coupon No. 35 at any of the following offices:

MITSUBISHI ELECTRIC CORPORATION. A distribution of \$1,580 per depositary share less any applicable taxes will be payable on and after December 22, 1985 upon presentation of coupon No. 26 at any of the following offices:

ASAHI CHEMICAL INDUSTRY LTD. International Depositary Receipts issued by Morgan Guaranty Trust Company of New York. A distribution of \$0,294 per depositary share less any applicable taxes will be payable on and after December 15, 1985 upon presentation of coupon No. 26 at any of the following offices:

NOTICE TO BONDHOLDERS PIRELLI UK INTERNATIONAL FINANCE B.V. Bondholders are hereby informed that following the issue in August 1985 of Pirelli S.p.A. 9.75 per cent Bonds Convertible into Pirelli S.p.A. Ordinary Shares and due to the effect of articles 11 and 12 of the price for subscription of Pirelli S.p.A. Shares under this Bond, the following:

UK NEWS

Tony Jackson on US drug groups' protests at the cuts in NHS business

Robins to sell British plant

A. H. ROBINS, the troubled US pharmaceuticals group, is to abandon drug manufacture in the UK.

Its manufacturing plant at Horsham in Surrey, completed in September 1984 at a cost of £9m, is to be sold for an undisclosed sum to Glaxo, the British drug company.

Robins' UK subsidiary assigns the blame entirely to the UK Government. The limited list of drugs available for prescription through the National Health Service (NHS), which was introduced in April last year, removed almost half its NHS business, Robins said.

Sales of products excluded from prescription under the new system - a combined antihistamine and decongestant called Dimotape, a number of cough remedies, an antacid, some vitamin preparations and an analgesic - made up about 40m of Robins' UK sales of £12.5m last year.

Robins is something of a special case. Its US parent is seeking protection from its creditors as a result of lawsuits over its intra-uterine contraceptive, the Dalkon Shield.

The Horsham plant was Robins' largest manufacturing investment outside the US. At the plant's dedication ceremony in September 1984 - attended by Mr Norman Fowler, the UK Social Services Secretary - the company spoke optimistically of having a European research and development centre on the same site.

That project has now been shelved. "The limited list has had a particularly dramatic effect on us, but we're unhappy about the Gov-

ernment's general attitude to drug company investment in this country," Robins says.

A number of other US drug companies with operations in Britain evidently agree. Warner Lambert, maker of the excluded cough mixture Berylin, announced a month ago that it was to close its factory at Eastleigh in Hampshire with the loss of 400 jobs and concentrate manufacture at its other factory at Pontypool in South Wales.

The company, which had lost NHS sales of Berylin worth close to £5m, made it clear the investment required for relocation in Wales rested heavily on financial help from the Welsh Office. Otherwise, production would have been shifted to the European continent.

Another US company, Lilly, shares that attitude. "From now on," Lilly says, "any new manufacturing process will go to Europe if the economics are equal. In the past few months one animal health project which should have gone to our Liverpool plant has gone to Italy. Another very big biotechnology project which would normally be considered for Liverpool is now being very seriously considered for Ireland."

Lilly is luckier than some companies in that its main excluded product, Distalgesic, with sales of some £10m, can still be prescribed on the NHS as a generic drug at a lower price. "But that's quite unacceptable to our US management," Lilly UK says. "It's an extreme case of

intellectual property being expropriated."

Unlike some foreign drug companies, Lilly does a significant amount of research in the UK. Its UK research and development (R&D) establishment employs more than 300 staff and is by far the company's biggest outside the US.

"We had been steadily increasing our UK R&D expenditure over the past six years," Lilly said. "Now we've told the Government that we're cutting our investment right back. We won't be making any major new investments, though we will maintain the establishment."

"R&D is a very long-term investment and you have to keep an eye on continuity. But with manufacturing, which more often consists of discrete projects, the effect is bound to be more immediate."

Another US company which takes that view is Pfizer, which claims to have cancelled production projects at Sandwich, Kent, worth £15m-£20m. Pfizer has been scarcely affected by the limited list. "But the list certainly added to the lack of confidence in the industry," Pfizer said.

Wyeth, a subsidiary of American Home Products of the US, has cut 250 jobs at manufacturing sites in the UK. Like Lilly, Wyeth has found that its chief products, benzodiazepine tranquilisers, can now be prescribed only as lower-priced generic drugs.

The change has affected half of Wyeth's £24m UK turnover. Wyeth has also decided to cancel a planned

R&D investment worth £30m at Swindon, Wiltshire.

There is a case for treating the claims of all these companies with caution. The high quality and relative cheapness of British researchers still gives the UK considerable attractions as a research base. Since the introduction of the limited list, one US company, Damon Biotech, has announced plans for a £30m biotechnology plant in Scotland. Upjohn of the US is considering a research plant in Scotland costing up to \$50m.

On the other hand, both projects would rely heavily on finance from the Scottish Development Agency. Taken with Warner Lambert's relocation to Pontypool, this suggests that the UK's present attractions as a home to international drug companies might depend on government cutbacks being made good financially at the local level.

Besides the limited list, the industry is aggrieved over the basic level of remuneration now granted under the NHS. The annual discussions over profit levels for the coming year will be taking place in the next few weeks. The industry is optimistic that after several years of reduced profitability the Government will change direction.

Although haggling over NHS pricing is a familiar process for the industry, the limited list is another matter. The delisting of established products is regarded as a breach of trust and the abrupt and unilateral way in which the system was introduced was evidently unnerving.

47 Electrical and Electronic companies, 2 Freight Forwarding agencies, 6 Printers and Publishers, 3 Haulage companies, 10 Computer companies, 22 Business and Secretarial services, 4 Packers, 2 Robotic Engineering companies, 25 Mechanical Engineering works, 15 Precision Engineering groups...and a man who makes printed circuit boards.*



Data base shows industrial aid in EEC

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

DETAILS of government industrial aid schemes throughout the European Community are available on a computerised data base to be launched this week.

Private companies will be able to use their own computers to interrogate a computer based at the University of Strathclyde, Glasgow. About 800 schemes in 10 EEC member countries are covered.

Assistance available in the Community's new members, Spain and Portugal, will be added later.

The project, called Euroaid, is the result of three years of preparation by the Centre for the Study of Public Policy at Strathclyde.

Companies considering a new location in Europe will be able to

compare government financial assistance packages and note individual qualifications and conditions such as the duration of financial assistance, location restrictions, aid destined for particular industries and the amount of assistance available.

The Glasgow data base, part of the university's VAX computer, is menu-driven, which makes cross-references and interrogations simple for subscribers.

Targets for aid are classified according to problem areas, research and development, small business development, aid for specific industrial sectors, structural adaptation for companies in difficulties, grants and assistance for employment and

training, energy-related projects, environmental protection and export promotion.

Also available are statistics on EEC member countries' economies which can be interrogated and compared. The data base has over 3,500 pages of information.

The project is led by Professor Kevin Allen and Mr Douglas Yuill, senior research fellow at the Centre for Policy Studies.

The data base has been partly financed by the European Commission's information technology directorate but is designed to be self-financing, based on subscription.

Euroaid aims to provide information rather than to assess the merits of various types of government

assistance. The data base covers only national assistance and does not include aid available from local authorities in each country.

The data has been assembled from information sent in by EEC member governments and by monitoring national newspapers and government press releases. Members of the centre also travel throughout the Community to gather and update material.

English is the main language of the data base.

Prof Allen's unit at Strathclyde produced the annual European Regional Incentives study which, in book form, compares aid available in problem areas throughout the EEC and Sweden.

Glenrothes has over thirty years experience of establishing an infrastructure that makes sense for business development.

Over thirty years of providing a sound industrial base for the widest range of companies has resulted in a continual pattern of successful growth for the community - the businesses mentioned

above are but a small proportion of those enjoying all the benefits of a continual association with Glenrothes Development Corporation.

*With support from Glenrothes Development Corporation Michael Conway has set up his own company, C. B. Circuits, to produce printed circuit boards.

GLENROTHES DEVELOPMENT CORPORATION

FOR FURTHER INFORMATION PLEASE CONTACT: JOHN MCCORMIE, COMMERCIAL DIRECTOR, GLENROTHES DEVELOPMENT CORPORATION, BALBRINNE HOUSE, GLENROTHES, FIFE, SCOTLAND KY7 6NL. TELEPHONE: 0592-754343. TELEFAX: 727125.

It's a tough world for manufacturers. So it's hardly surprising that many will go to great lengths to stay competitive. But before you start looking for answers thousands of miles away, talk to British Gas. We'll show you that using gas as a fuel can do as much for your bottom line as it does for your production line. Clean, efficient gas is the reliable, high quality fuel, which means a more reliable manufacturing process. Often achieving a better end product altogether. It's also economical to use, producing significant savings in fuel costs. This can result in increased productivity, a lower unit cost and greater profitability. But that's not the end of the story. With the advances made by modern technology in the past few years, gas is more versatile and efficient than ever, and even simpler to maintain. Converting to gas can be a matter of just changing the burner in your existing system. Or we can help you develop a whole new manufacturing process with the assurance of plentiful supplies of gas long into the future. Even a major investment in gas can pay for itself in no time at all with the day to day

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savings in running costs it will make. And your competitors could end up paying too, by losing market share to your better, less expensive product. To arrange an appointment with the industrial specialist of your local British Gas region, all you have to do is dial 100 and ask for FREEPHONE INDUSTRIAL GAS. Unlike a 'phone call to the Far East, it won't cost you anything, but it could cost your competitors a great deal. **British Gas Gas fuels profits.**

GET MORE FOR YOUR MONEY

UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF ALABAMA

IN RE: MARION CORPORATION
CASE No. 83-00373
NOTICE AND ORDER (1) APPROVING DISCLOSURE STATEMENT AND ANCILLARY MATERIALS, AND (2) SETTING SCHEDULE FOR VOTING AND CONFIRMATION

BUSINESSMAN'S DIARY

- UK TRADE FAIRS AND EXHIBITIONS
Current
London International Boat Show (0822 54511) (until January 12) Earle Court

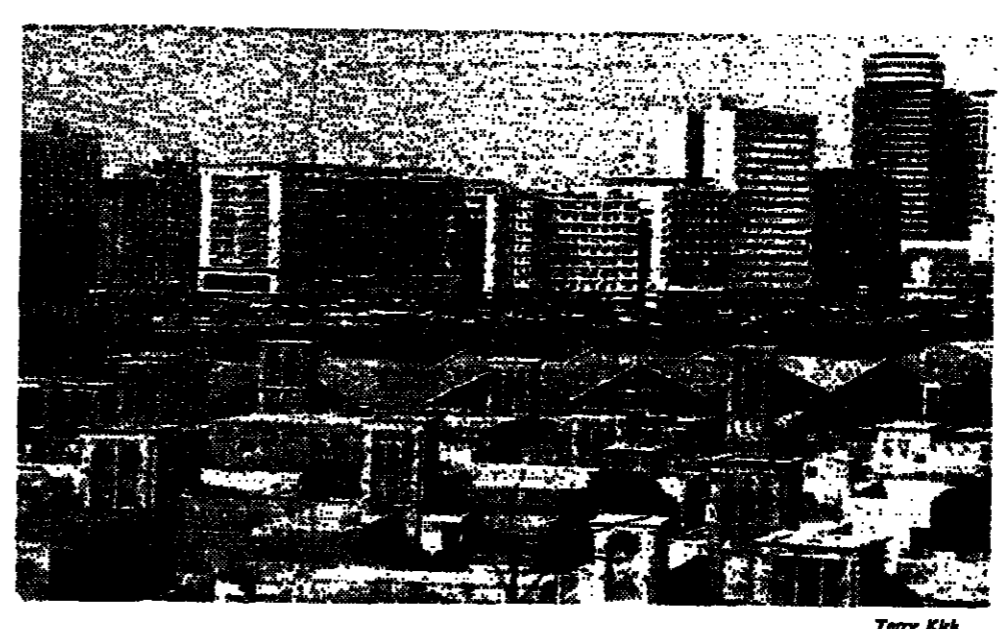
OVERSEAS TRADE FAIRS

- Current
International Hotel and Catering Industries Trade Fair - HORECAVA (01-457 2175) (until January 9) Amsterdam

BUSINESS AND MANAGEMENT CONFERENCES

- January 7-8
Unicom Seminars: Fundamentals of 3D graphics (01-940 7716)
January 12-14
Institute of Personnel Management: The secretary in personnel management (01-946 9100)

CONSTRUCTION CONTRACTS



The high-rise commercial blocks on the Deira bank of the Creek contrast with the old wind-towers of the Bastakiya district of Dubai in the foreground.

Diwan to be built in Dubai

The Government of Dubai has signed a Dhs 120m (£22.8m) contract for the construction of the new Diwan with BEL HAZEN ENGINEERING & CONTRACTING CO. of Dubai.

Attention has been given to the scale of the new Diwan, which is a major building close to historic surroundings as well as to the waterfront of the Creek.

Elida Gibbs extension

BALFOUR BEATTY has been awarded a contract in Leeds for alterations and extension to production and technical facilities for Elida Gibbs.

£12m batch for Longley

JAMES LONGLEY & CO has won contracts worth £12.5m for projects in Berkshire, Buckinghamshire and Hampshire.

Liverpool hospital

TYSONS (CONTRACTORS), Liverpool, has secured £10.5m order made up of: Nucleus hospital at Broadgreen, Liverpool (£8.5m); refurbishment of Richard Shopp throughout the country (£1.5m); and a Habitat store at Kingston-on-Thames (£0.5m).

at Queens Hospital, Chichester. The contract covers construction of two additional blocks with a total floor area of 4,250 sq m, and a boiler house.

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF ALABAMA

IN RE: MARION CORPORATION
NOTICE OF VOTING PROCEDURE ON PLAN OF REORGANIZATION
TO HOLDERS OF MARION INTERNATIONAL FINANCE N.V. 9% GUARANTEED SUBORDINATED DEBENTURES DUE 1995:

Financial Times Conferences

THE SECOND FT-CITY SEMINAR

London—January 27, 28 and 29, 1986
Following the highly successful three-day intensive version of the FT City Course held in London last January, the Financial Times is pleased to announce that this FT City Seminar is to be held again from January 27 to 29 at the Skimmers' Hall in the City of London.

THE LONDON MOTOR CONFERENCE

—The Outlook for the Aftermarket
London—February 17, 1986
Financial Times motor industry conferences have developed strongly in recent years and last September's World Motor conference in Frankfurt was particularly well received.

ARMCO OVERSEAS FINANCE N.V.

15% Guaranteed Notes
Due December 1, 1986
Notice is hereby given that Armco Overseas Finance N.V. has elected to redeem all of its outstanding 15% Guaranteed Notes Due December 1, 1986 (the "Notes") on January 31, 1986.

Own land in the great American West

America. More than two hundred years old and still waiting for many people to claim their share of it. For themselves and for the future of their families.

What more perfect way to stake your claim than by purchasing five glorious acres in the Colorado Rockies for yourself and those you love. At Sangre de Cristo Ranches you can still own a sizeable piece of America at a very modest cost and on easy credit terms.

valley that make up our Sangre de Cristo Ranches. The land lies about 200 miles southwest of Denver, just east of US Route 160.

FORBES EUROPE

Form with fields for Name, Address, Telephone, and a small logo.

Company Notices

PRESIDENT STEYN GOLD MINING COMPANY LIMITED

Notice is hereby given that a general meeting of the members of President Steyn Gold Mining Company Limited (Incorporated in the Republic of South Africa) will be held at 44 Main Street, Johannesburg, on Tuesday, January 28 1986, at 10:00 am (immediately after the conclusion of the meeting of the members of the above Applicant, Local Division) in terms of an Order of the Supreme Court of South Africa (Withwatersand Local Division) granted on December 31 1985, which order is in the following terms:...

1. SPECIAL RESOLUTION NO. 1. The conditions precedent to the registration of this special resolution are that: (a) Ordinary resolution No. 1 proposed in terms of the notice convening this meeting is duly passed; (b) Between Free State Gold Mines Limited and its members (other than Western Holdings Limited) and between Steyn Gold Mining Company Limited and its members (other than Western Holdings Limited) and between Orange Free State Investments Limited and its members (other than Western Holdings Limited) and between Welton Gold Mining Company Limited and its members (other than Western Holdings Limited) and between Anglo American Corporation of South Africa Limited and its members (other than Western Holdings Limited) and between Anglo American Corporation of South Africa Limited and its members (other than Western Holdings Limited) and between Anglo American Corporation of South Africa Limited and its members (other than Western Holdings Limited) and between Anglo American Corporation of South Africa Limited and its members (other than Western Holdings Limited)...

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA. Registered office: 44 Main Street, Johannesburg 2001, January 6 1986.

FREE STATE GEDULD MINES LIMITED

Notice is hereby given that a general meeting of the members of Free State Geduld Mines Limited (Incorporated in the Republic of South Africa) will be held at 44 Main Street, Johannesburg, on Tuesday, January 28 1986, at 10:00 am (immediately after the conclusion of the meeting of the members of the above Applicant, Local Division) in terms of an Order of the Supreme Court of South Africa (Withwatersand Local Division) granted on December 31 1985, which order is in the following terms:...

1. SPECIAL RESOLUTION NO. 1. The conditions precedent to the registration of this special resolution are that: (a) Ordinary resolution No. 1 proposed in terms of the notice convening this meeting is duly passed; (b) Between Free State Gold Mines Limited and its members (other than Western Holdings Limited) and between Steyn Gold Mining Company Limited and its members (other than Western Holdings Limited) and between Orange Free State Investments Limited and its members (other than Western Holdings Limited) and between Welton Gold Mining Company Limited and its members (other than Western Holdings Limited) and between Anglo American Corporation of South Africa Limited and its members (other than Western Holdings Limited) and between Anglo American Corporation of South Africa Limited and its members (other than Western Holdings Limited) and between Anglo American Corporation of South Africa Limited and its members (other than Western Holdings Limited)...

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA. Registered office: 44 Main Street, Johannesburg 2001, January 6 1986.

PRESIDENT BRAND GOLD MINING COMPANY LIMITED

Notice is hereby given that a general meeting of the members of President Brand Gold Mining Company Limited (Incorporated in the Republic of South Africa) will be held at 44 Main Street, Johannesburg, on Tuesday, January 28 1986, at 10:00 am (immediately after the conclusion of the meeting of the members of the above Applicant, Local Division) in terms of an Order of the Supreme Court of South Africa (Withwatersand Local Division) granted on December 31 1985, which order is in the following terms:...

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ANGLO AMERICAN CORPORATION OF SOUTH AFRICA. Registered office: 44 Main Street, Johannesburg 2001, January 6 1986.

WESTERN HOLDINGS LIMITED

Notice is hereby given that a general meeting of the members of Western Holdings Limited (Incorporated in the Republic of South Africa) will be held at 44 Main Street, Johannesburg, on Tuesday, January 28 1986, at 10:00 am (immediately after the conclusion of the meeting of the members of the above Applicant, Local Division) in terms of an Order of the Supreme Court of South Africa (Withwatersand Local Division) granted on December 31 1985, which order is in the following terms:...

1. SPECIAL RESOLUTION NO. 1. The conditions precedent to the registration of this special resolution are that: (a) Ordinary resolution No. 1 proposed in terms of the notice convening this meeting is duly passed; (b) Between Free State Gold Mines Limited and its members (other than Western Holdings Limited) and between Steyn Gold Mining Company Limited and its members (other than Western Holdings Limited) and between Orange Free State Investments Limited and its members (other than Western Holdings Limited) and between Welton Gold Mining Company Limited and its members (other than Western Holdings Limited) and between Anglo American Corporation of South Africa Limited and its members (other than Western Holdings Limited) and between Anglo American Corporation of South Africa Limited and its members (other than Western Holdings Limited) and between Anglo American Corporation of South Africa Limited and its members (other than Western Holdings Limited)...

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA. Registered office: 44 Main Street, Johannesburg 2001, January 6 1986.

WELKOM GOLD MINING COMPANY LIMITED

Notice is hereby given that a general meeting of the members of Welkom Gold Mining Company Limited (Incorporated in the Republic of South Africa) will be held at 44 Main Street, Johannesburg, on Tuesday, January 28 1986, at 10:00 am (immediately after the conclusion of the meeting of the members of the above Applicant, Local Division) in terms of an Order of the Supreme Court of South Africa (Withwatersand Local Division) granted on December 31 1985, which order is in the following terms:...

1. SPECIAL RESOLUTION NO. 1. The conditions precedent to the registration of this special resolution are that: (a) Ordinary resolution No. 1 proposed in terms of the notice convening this meeting is duly passed; (b) Between Free State Gold Mines Limited and its members (other than Western Holdings Limited) and between Steyn Gold Mining Company Limited and its members (other than Western Holdings Limited) and between Orange Free State Investments Limited and its members (other than Western Holdings Limited) and between Welton Gold Mining Company Limited and its members (other than Western Holdings Limited) and between Anglo American Corporation of South Africa Limited and its members (other than Western Holdings Limited) and between Anglo American Corporation of South Africa Limited and its members (other than Western Holdings Limited) and between Anglo American Corporation of South Africa Limited and its members (other than Western Holdings Limited)...

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA. Registered office: 44 Main Street, Johannesburg 2001, January 6 1986.

EAST RAND PROPRIETARY MINES, LIMITED

RIGHTS OFFER. The directors of East Rand Proprietary Mines, Limited announce that the company intends to raise R47.1 million by way of a rights offer of shares of R1 each in the ratio of one new share for every one share already held at the date of issue of the prospectus on 10 January 1986 (the record date) at a subscription price of R1.50 per share. The rights offer will be underwritten by Rand Mines Limited and Barclays National Merchant Bank Limited.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA. Registered office: 44 Main Street, Johannesburg 2001, January 6 1986.

BARCLAYS INTERNATIONAL MERCHANT BANK LIMITED. (Incorporated in the Republic of South Africa) (Registered Bank) Reg. No. 07/00875/06

P.S.A. PEUGEOT-CITROEN French Francs 175,000,000. 9 1/2% Bonds due 1987. We inform the bondholders that the redemption of the bonds will take place on 15 February 1986 at 100% of the nominal value of the bonds.

REPUBLIC OF ITALY. ECU 100,000,000 Floating Rate Note 1986. We inform the bondholders that the redemption of the bonds will take place on 15 February 1986 at 100% of the nominal value of the bonds.

Contracts & Tenders. THE MINISTRY OF EDUCATION IN THE YEMEN ARAB REPUBLIC INVITES OFFERS FOR: Printing and reprinting school text books, production of different multicoloured teaching posters, supply of equipment and chemicals for laboratories as well as teaching materials, supply of white and coloured chalks and school furniture sets for primary, preparatory and secondary schools. (Quotations for parts of any of the tenders are not allowed.) Particulars for the tenders as well as documents for the offers can be obtained at: The Yemen Embassy, 41 South Street, London W1 against a fee of US\$100 for each document of the above seven tenders. Closing date for the tender will be the 1st February 1986 at 9.00 am Sana'a local time.

PRESIDENT BRAND GOLD MINING COMPANY LIMITED

Notice is given in terms of an Order of Court dated 31 December 1985, in the above matter that the members of the above Applicant, Local Division are hereby ordered to meet at the offices of the Applicant, Local Division, 44 Main Street, Johannesburg, on Tuesday, January 28 1986, at 10:00 am (immediately after the conclusion of the meeting of the members of the above Applicant, Local Division) in terms of an Order of the Supreme Court of South Africa (Withwatersand Local Division) granted on December 31 1985, which order is in the following terms:...

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA. Registered office: 44 Main Street, Johannesburg 2001, January 6 1986.

WESTERN HOLDINGS LIMITED

Notice is given in terms of an Order of Court dated 31 December 1985, in the above matter that the members of the above Applicant, Local Division are hereby ordered to meet at the offices of the Applicant, Local Division, 44 Main Street, Johannesburg, on Tuesday, January 28 1986, at 10:00 am (immediately after the conclusion of the meeting of the members of the above Applicant, Local Division) in terms of an Order of the Supreme Court of South Africa (Withwatersand Local Division) granted on December 31 1985, which order is in the following terms:...

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA. Registered office: 44 Main Street, Johannesburg 2001, January 6 1986.

FREE STATE GEDULD MINES LIMITED

Notice is given in terms of an Order of Court dated 31 December 1985, in the above matter that the members of the above Applicant, Local Division are hereby ordered to meet at the offices of the Applicant, Local Division, 44 Main Street, Johannesburg, on Tuesday, January 28 1986, at 10:00 am (immediately after the conclusion of the meeting of the members of the above Applicant, Local Division) in terms of an Order of the Supreme Court of South Africa (Withwatersand Local Division) granted on December 31 1985, which order is in the following terms:...

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA. Registered office: 44 Main Street, Johannesburg 2001, January 6 1986.

PRESIDENT STEYN GOLD MINING COMPANY LIMITED

Notice is given in terms of an Order of Court dated 31 December 1985, in the above matter that the members of the above Applicant, Local Division are hereby ordered to meet at the offices of the Applicant, Local Division, 44 Main Street, Johannesburg, on Tuesday, January 28 1986, at 10:00 am (immediately after the conclusion of the meeting of the members of the above Applicant, Local Division) in terms of an Order of the Supreme Court of South Africa (Withwatersand Local Division) granted on December 31 1985, which order is in the following terms:...

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PRESIDENT STEYN GOLD MINING COMPANY LIMITED

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ANGLO AMERICAN CORPORATION OF SOUTH AFRICA. Registered office: 44 Main Street, Johannesburg 2001, January 6 1986.

FINANCIAL INVESTMENT FUND

FINANCIAL INVESTMENT FUND. Notice is given in terms of an Order of Court dated 31 December 1985, in the above matter that the members of the above Applicant, Local Division are hereby ordered to meet at the offices of the Applicant, Local Division, 44 Main Street, Johannesburg, on Tuesday, January 28 1986, at 10:00 am (immediately after the conclusion of the meeting of the members of the above Applicant, Local Division) in terms of an Order of the Supreme Court of South Africa (Withwatersand Local Division) granted on December 31 1985, which order is in the following terms:...

Clubs. FIVE has notified the other members of a meeting of the club on 15 January 1986 at 10:00 am at the club house, 115 Park Street, Johannesburg 2001.

TECHNOLOGY

Isotope enrichment on the boil

David Fishlock reports on laser separation techniques using uranium vapour

PLANS FOR a new and highly adaptable source of commercial isotopes for industry and medicine are being hatched by a US Government laboratory in California. It believes it can turn a world lead in the laser enrichment of uranium and plutonium to advantage for other isotopes in short supply.

Dr Jim Davis, who leads the laser enrichment programme at Lawrence Livermore National Laboratory, takes the view that enrichment of almost any other isotope by his process will be easy compared with enriching uranium and plutonium. He is confident that the tunable laser systems with which he separates isotopes of these two metals can be returned to new wavelengths, once the uranium demonstrations moves into the commercial phase.

High on his target list is mercury, the vapour of which

is used in the familiar fluorescent lamp. According to scientists with the US lighting company GTE Lighting, its lamps could be appreciably more efficient if only they could obtain commercially certain isotopes of mercury.

Other commercial possibilities lie with gadolinium, needed in nuclear fuel, and for a new medical test on bone tissue, but currently in very short supply.

A tunable technique for isotope enrichment could find many commercial outlets, and could offer a healthy competition to the main Western source of stable-non-radioactive isotopes today, namely the US Government's Oak Ridge

National Laboratory in Tennessee.

Oak Ridge uses a large cyclotron "atom-smasher" known as the calutron to make a range of stable isotopes. But the process is painfully slow, and the price is high.

Mercury can be made in this way, starting with gold. The process stands alchemy — the quest to turn base metals into gold — on its head, and the cost is greater than the price of gold.

Dr Stuart Burgess, chief executive of Amersham International, buys stable isotopes from the calutron and from its equivalent in the USSR to use as targets for his own cy-



The 300-tonne separator used to demonstrate large-scale enrichment of uranium-235. Pictures courtesy of Lawrence Livermore National Laboratory.



Green and yellow light beams from copper-vapour lasers are the primary energy source for the Avlis process.

trons, for making radio-isotopes for medical diagnosis.

The tunable technology Lawrence Livermore developed was chosen earlier this year as the next commercial process to be used by the US Government for enriching uranium for nuclear fuel. A rigorous comparison with the big US gas centrifuges under development as the alternative technology had shown clearly that the laser process held greater economic promise.

Lawrence Livermore scientists have developed their technology since 1972, from ideas originally explored in Israel and in the Avco-Everett Laboratories in the US.

Isotopes are atoms of the same atomic number and therefore the same chemical properties, but of different mass (atomic weight). Uranium, for example, is a mixture of three isotopes; mercury a mixture of seven. They can be separated with difficulty by amplifying their slight differences in physical properties.

The laser process favoured at present is called Avlis—Atomic Vapour Laser Isotope Separation. The first step is to boil the natural elements to provide a vapour on which the laser beams can go to work.

Avlis exposes this vapour of mixed isotopes to beams of coherent or "ordered" light, tuned to a highly specific wavelength (where ordinary light consists of many wavelengths). When the laser is tuned to the wavelength which excites a particular isotope, and the mixture is illuminated with its beam, the designated isotope is energised in a way that can distinguish it readily from the rest of the vapour.

In enriching uranium the aim is to ionise the uranium-235 isotope, which represents only about 0.7 per cent of the atoms

in natural uranium metal. The ionised atoms can then be drawn from the bulk of the vapour by electrically charged plates, and condensed as enriched uranium.

In fact, it requires irradiation of the vapour by four different wavelengths of visible laser light, to raise an atom of uranium-235 to a self-ionising state.

Lawrence Livermore's Avlis process uses dye lasers pumped by powerful copper-vapour lasers to generate each of these four wavelengths. The electrical efficiency of the lasers is high but they have other drawbacks which the scientists have reduced by clever optical engineering.

The result is a complex opti-

cal system comprising about 4,500 optics. Outputs from six copper-vapour lasers are multiplexed and delivered to the dye lasers at six times the pulse rate of a single laser.

At present the \$72m (£50m) laser demonstration facility built by Dr Jim Davis delivers more than 300w of laser power for enrichment. But his target is 1.5 kw by the end of next year, and 10 kw by 1988.

The laser demonstration facility is the precursor of a commercial uranium enrichment operation expected to cost about \$1bn, probably to be built at one of the present US enrichment factories. Dr Davis's task is to demonstrate a single module of the commercial-scale process, by 1987.

If he is successful, the

uranium process is expected to shift quickly into the commercial sector, to meet the demand for enriched nuclear fuel.

Britain's Atomic Weapons Research Establishment is showing interest in using Avlis to free plutonium-239 from other isotopes which interfere with its efficiency as a nuclear explosive.

According to Lawrence Livermore scientists, Avlis is a universal process for isotope separation, capable of being tuned to most elements and their isotopes. The existing laser system can in theory separate the isotopes of 45 elements.

By changing the orange-red dye laser light to its second, third or fourth harmonic, the rest of the periodic table can be tackled, they say.

'Designer' wallpaper by computer

DECORATING ENTHUSIASTS may be able to design their own wallpapers using a computer screen at their local do-it-yourself stores, if an idea backed by Prelude Technology, a venture capital company in Cambridge, comes to fruition.

The idea encompasses a variant on ink-jet printing, in which ink is squirted at high pressure under electronic control at paper. The technique has become established in recent years in high-speed printers used in offices.

Prelude, set up nearly a year ago by Cambridge Consultants, a contract-research company in Cambridge, and a group of pension funds, is examining the possibility of mounting several hundred ink jets over a large

area.

The jets could be made to impregnate patterns on large areas of fabric, such as tiles and wallpapers.

In a wallpaper factory, a manufacturer could turn out large quantities of coated paper to the same specification. Technicians would switch on the ink-jet machine at the end of a long production run.

Under computer control, the hardware would produce a series of different patterns for specific quantities of paper.

In this way, the manufacturer

could reduce stocks. The company could turn out designs virtually to wholesalers' orders, rather than having huge amounts of wallpaper of different patterns sitting in warehouses.

In another possibility, the large ink-jet machines could be in shops. At the press of a few buttons, householders could decide on the patterns they want, instructing the equipment to print the design of their choice on the blank fabric.

The idea of the "muki-

array" ink-jet machines has been proposed by staff at Cambridge Consultants. Prelude is backing the development with an initial investment of £50,000.

Eventually, says Dr Bob Hook, Prelude's managing director, investment of up to £1.5m might be required. Some of this could come from industrial partners which want a stake in the new venture.

This development is one of four technical ideas that Prelude is backing. The partners in Prelude, which has a venture-capital fund of £5m, include

Equity Capital for Industry, a City-based financial group, and the pension funds of British Rail, British Gas and the water authorities.

Prelude has injected £250,000 into Qudos, a Cambridge venture set up to design specialised microchips. It is investing £360,000 in Linear Instruments, a small company based in Bishops Cleeve, Herts, which makes laser interferometry devices which measure distances highly accurately.

The final investment of £250,000, is in a small concern

that plans to make health-care products. Prelude is keeping the details secret because it thinks the concern has a lead on competitors.

Cambridge Consultants decided to enter the venture capital business, says Dr Paul Auton, its managing director, to follow through with its general aims of attempting to introduce technical ideas into manufacturing industry. The company has a staff of 200, with annual sales of £8m.

Prelude grew out of Cambridge Enterprises, a subsidiary of Cambridge Consultants set

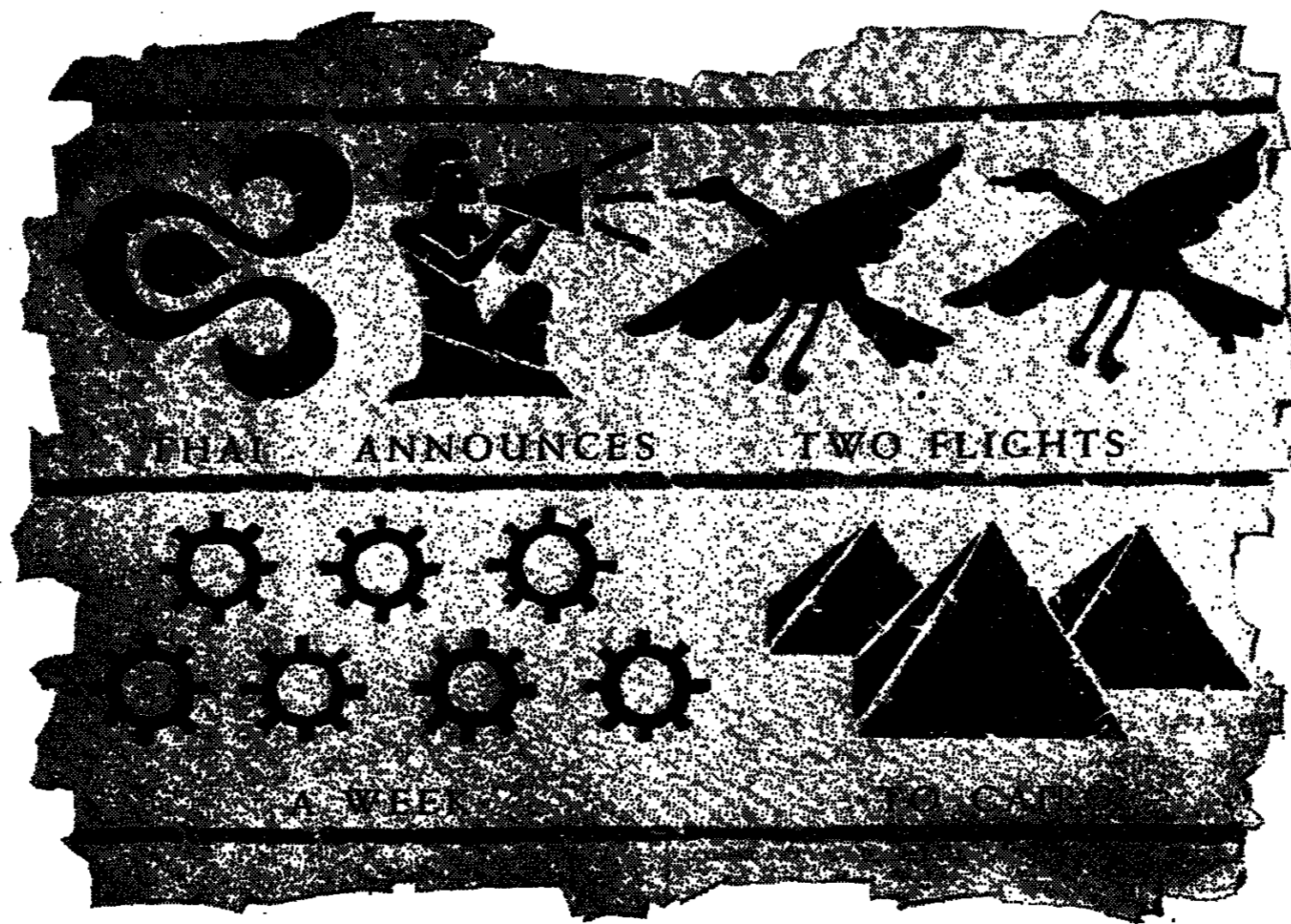
up in 1981 to develop novel ideas on the basis of technologies licensed from other companies.

Many of the ideas that Prelude will take up should emanate from within Cambridge Consultants itself, Dr Auton says. He hopes his staff will come up with three ideas a year that Prelude will consider.

If they are worth investing in, then the employee will leave Cambridge Consultants to pursue a new career.

He said: "A certain amount of staff turnover is good for our business. If one of our employees is an entrepreneur and wants to start a new company, then we will help him to do it."

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Design and Construct

Northwest Hoist

Electrical tester from Ferranti

FERRANTI is selling novel testing hardware to check on the electrical systems of cars. Austin Rover is installing the equipment, worth more than £500,000, on a production line at its Cowley factory.

Vehicles on the production track are provided with a bar code which details the type of electrical equipment fitted, lighting systems and ignition control for instance.

A bar code reader by the side of the production line obtains this information, which triggers a specific repertoire of electrical tests controlled by a microcomputer.

Results from the checks are fed back to the computer. An operator can monitor the results using a keyboard and display screen. General Automation, Siemens and Autotest competed with Ferranti for the contract with Austin Rover.

Design package for PC-AT

IN COMMON with many other companies in the computer aided design business, Computervision, one of the market leaders, has produced an electronic design hardware/software package based on the IBM PC-AT personal computer.

Known as the Personal Engineer, the system includes a model AT machine with 512,000 bytes of memory, a 20 megabyte hard disk store, floppy disk and Computervision's own graphics controller and colour display.

The system allows electronic engineers to undertake logic design and to originate, edit and plot symbols and schematics. With a hardware addition called Simboard, circuit simulations can be carried out.

Personal Engineer is fully compatible with Computervision's other systems, using appropriate interfaces the company will supply.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

LORD LEVERHULME, one of the ancestors of the Unilever empire, was a great advocate and practitioner of advertising. Yet he is credited with the legendary statement that half of the money he spent on it was wasted—he just didn't know which half.

Few takeover advocates, and even fewer of this writer's mega-bid practitioners, would be rash enough to admit that a similar maxim applies to mergers and acquisitions. Yet nearly 30 years of intense research on both sides of the Atlantic has produced a consensus view among academics that, on average, takeovers are at best an even bet.

Each predator can shorten his own particular odds through careful choice, planning and execution (both during and after the takeover), but the fact remains that according to a wide variety of yardsticks, only half the consummated takeovers of public companies in Europe and the United States could be described as in any way successful. The odds are worse after the event, of course, but by then the damage has been done. In the words of Professor Julian Franks of the London Business School, despite all the research, "it is remarkably difficult to predict whether a merger will be a good one or a lemon."

Significantly for the spate of billion-pound and -dollar bids that have been launched in London and New York during the past few weeks, the 50-50 guidelines seem to apply to takeovers made during sample periods as short as two years, as well as to the much larger numbers which occur over more statistically respectable periods of eight or 10 years.

Measuring success

Takeovers: at best an even bet

BY CHRISTOPHER LORENZ

research should also weigh heavily in the judgment of whether a particular bid (at a particular price) is likely to produce the promised pay-off.

Since the late 1960s, when conglomerates began to fall into disrepute, it has been thought that the "relatedness" of a victim's business with that of the acquirer was a prime success factor: the more related, the better. But, at least for certain industries, this "rule" has now been heavily qualified, if not discredited.

Given all the difficult methodological problems involved—the least of which is the definition of "success"—it is remarkable that there is any measure of agreement about the hit rate of acquisitions, let alone about the whys and wherefores. The subject has been researched at length by a wide range of disciplines whose only common characteristic is a ferocious distrust of each other's methods.

The degree of consensus between them does not extend far beyond the 50-50 guidelines. The majority agree that the victim's shareholders usually benefit far more from takeover than do the acquiror's, but on almost all other counts the studies are out of line. Time and time again, their proponents' claims to conclusiveness run up against whether the myriad of necessary adjustments and interpretations have been made correctly. Acquisition analysis is very much more of an art than a science.

There are four basic "schools" of studies: accounting, economic, financial and managerial. The first two have produced the most negative findings, while much of the research in the other two straight along the 50-50 line. The managerial studies have been less concerned with aggregate findings than with detecting the types of takeover most likely to succeed or fail.

Accounting. Several UK studies in the 1970s examined post-takeover profitability (return on investment) for between three and eight years. Some found that few mergers raised profitability, and that the overall effect was neutral. Others found a generally negative effect, especially several



"I thought you said buying Amalgamated would be good for our share price"

years after the takeover. Such studies are particularly fraught with problems, ranging from the difficulty of detecting the impact of a small victim on the performance of a large acquiror, to all sorts of accounting, indexation and risk-adjustment issues. They have not been popular in the US.

Economic. One of the most recent UK economic studies (Cowling et al.) failed to find any evidence that a series of big mergers in the late 1960s had, by the mid-1970s, produced significant efficiency gains relative to non-merging competitors. "In many cases efficiency has not improved; in some cases it has declined," the report concluded. But it did find that market power had increased in most cases.

Financial. This is by far the largest body of work. Most of it consists of "event studies" covering eight years or more of share price changes in the few weeks or months around the time of takeover. The majority finding is that the victim's shareholders gain substantially in percentage terms: bid premiums have fluctuated between an average of 20 and 40 per cent, and are currently rising, especially in the US. America's most experienced

academics in the field, say that "these... negative returns are unsettling because they are inconsistent with market efficiency and suggest that changes in stock price during takeovers overestimate the future efficiency gains from mergers."

In other words, both the market and the acquiror may be getting it wrong. Though many market analysts proffer the simple explanation that such delayed changes in sentiment (upward as well as downward) merely reflect new information about the performance of the takeover, a highly technical debate is still raging about these findings, and the case is not yet proven either way.

Acceptance of the argument that share prices are a reliable indicator of takeover performance clearly rests on a number of difficult judgments. One is the question of how quickly the share price of the merged entity ceases to reflect the impact of the acquisition (if, indeed, it ever did in view of the relative sizes of the two companies). More fundamentally, one has to assume that the stock market can and does correctly assess the future profitability of the combined enterprise. Here, sceptics abound, not only among

managers of the companies whose share prices are in question, but also in the academic world itself. A common allegation, for example by Cowling, is that share valuations tend to fluctuate far more violently than is justified by changes in the underlying asset values. Yet modern financial theory, backed by extensive empirical testing, suggests that stock markets are indeed broadly, if not perfectly, efficient. In the words of Professor Paul Marsh of the London Business School, "share prices are the only market price available. They do look very far forward—if they did not, the market would systematically get prices wrong. All the evidence on share price behaviour indicates that it does not."

Managerial. The most influential studies were conducted over 12 years ago by John Kitching. Surveying mergers throughout Europe, he concluded (again) that about half were successful, a fifth were "not worth doing," and the rest were failures. He reported that the results of an acquisition do not become apparent until at least two years after it takes place. And he produced a set of findings on the benefits of "relatedness" which anticipated a whole generation of broader American diversification studies.

Two of his main findings were that the less related the acquisition, the more risky it was; and that it was more risky to move into new markets than into new technology (provided that both were not done together).

Since 1973, however, the relatedness rules have been challenged on the grounds that the high profitability of companies with related businesses had less to do with the general principle of relatedness itself than with the fact that most "related" companies have tended to be in attractive industries. In one sense, this is perfectly obvious. But it alters the prescription for successful takeovers; what appeared to be a general rule for all acquisitions now only applies to some of them, it seems.

"The concept of relatedness doesn't help companies in steel, paper or textiles, yet they're the very companies which most need to diversify," says Profes-

Management abstracts

Decreasing computer downtime. T. M. Ross in *Journal of Information and Image Management* (US), June 85 (23 pages). Offers a string of suggestions on how to decrease the downtime of computer systems, from hiring full-time service engineers to covering machines with dust cloths when not in use.

Overtime work and industrial accidents. M. Schuster & S. Rhodes in *Industrial Relations* (US), Spring 85 (123 pages). Reviews literature on industrial accident behaviour; reports the results of research from three manufacturing organisations which supports the hypothesis that overtime is related to accident incidence, and overtime worked on consecutive days causes greater accident severity (in terms of work days lost).

Contractors, lay-offs and other uncertainties. L. T. Perry in *Business Horizons* (US), July/August 85 (8 pages). Argues that companies in decline which are contemplating employee cutbacks, lay-offs or redundancies should consider alternatives—such as job sharing, pay cuts/freeses, early retirement—and encourage greater employee participation in deciding which alternative(s) to adopt. Looks particularly at the difficulties faced by employees with company/industry-specific skills, who have greater wishes to remain and are therefore "exploitable."

Making employees feel part of the company. C. Adams in *Accountancy* (UK), September 85 (14 pages). Advocates greater use of share option schemes to motivate employees; to work for company growth; examines the characteristics and advantages of fixed value and floating-value employee share schemes.

How to improve staff presentations. R. Wiegand in *Business Horizons* (US), July/August 1985 (7 pages). Looks into the reasons some speakers at presentations can be... simply dire; gives hints on how to improve presentational skills.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of \$4 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

Mergers and Economic Performance. By Cowling K, Stoneman P, Cubbins J, et al. GUP, 1979.

The market for corporate control. In *Journal of Financial Economics* 11 (1983). North Holland Publishing.

Kitching, J. *Acquisitions in Europe: Causes of Corporate Successes and Failures*. Business International (Geneva) 1973.

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Table listing four banks: Deutsche Bank, A.G.; Banque Internationale de Luxembourg S.A.; Societe Generale de Banque; and S.G. Warburg & Co. Ltd.

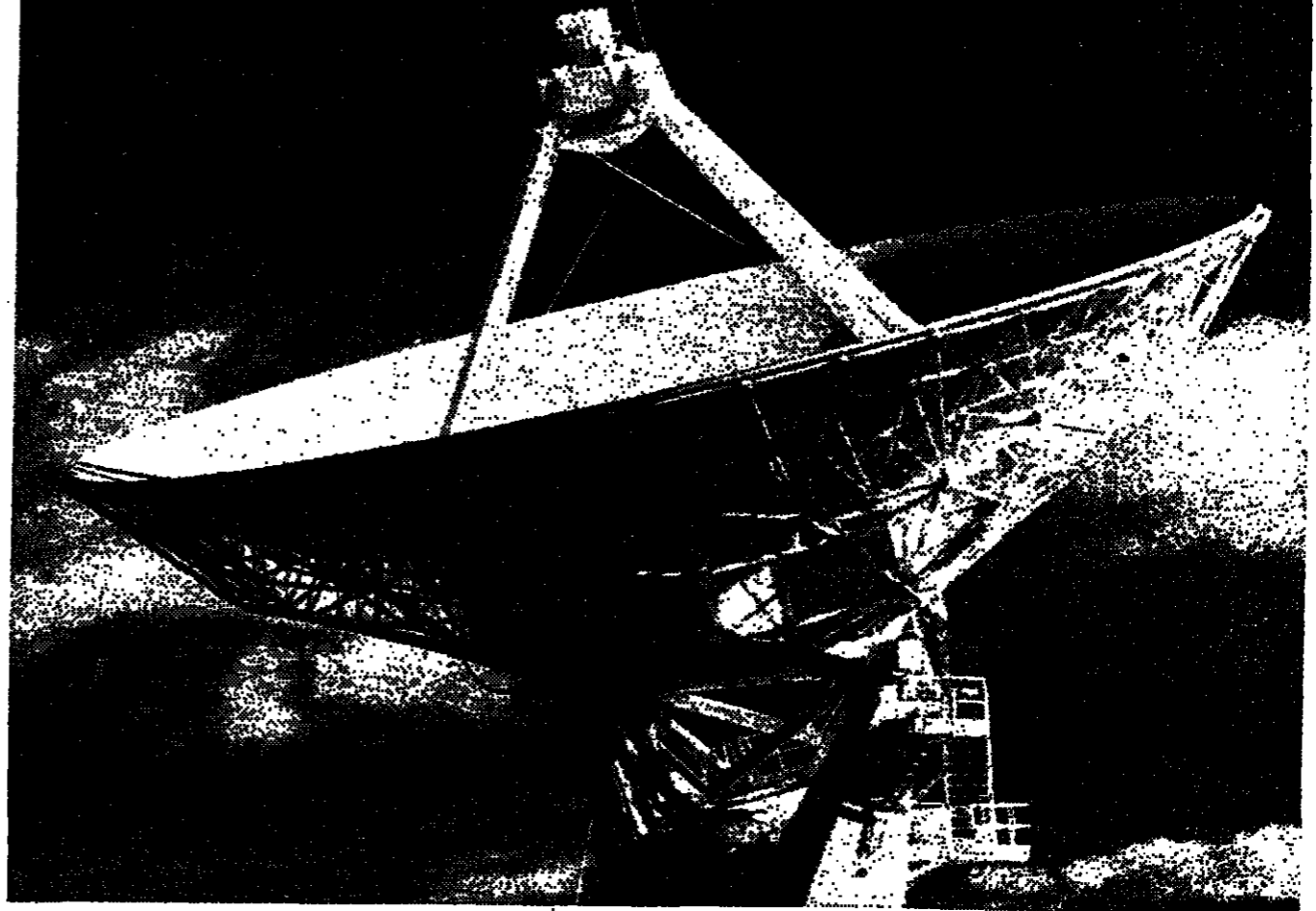
Coupons which shall mature on or before said Redemption Date should be detached and surrendered for payment in the usual manner. Debentures may be converted at the option of the holder thereof into Common Stock of the Guarantor at the price of \$42.46 per share. The right to convert Debentures selected for redemption into Common Stock will terminate on February 1, 1986, in accordance with the Indenture under which the Debentures were issued. For all purposes of the Indenture, the Debentures called for redemption in accordance with the foregoing will be deemed to be no longer outstanding on or after February 1, 1986, and all rights with respect thereto, except as stated above, will cease as of the close of business on said date.

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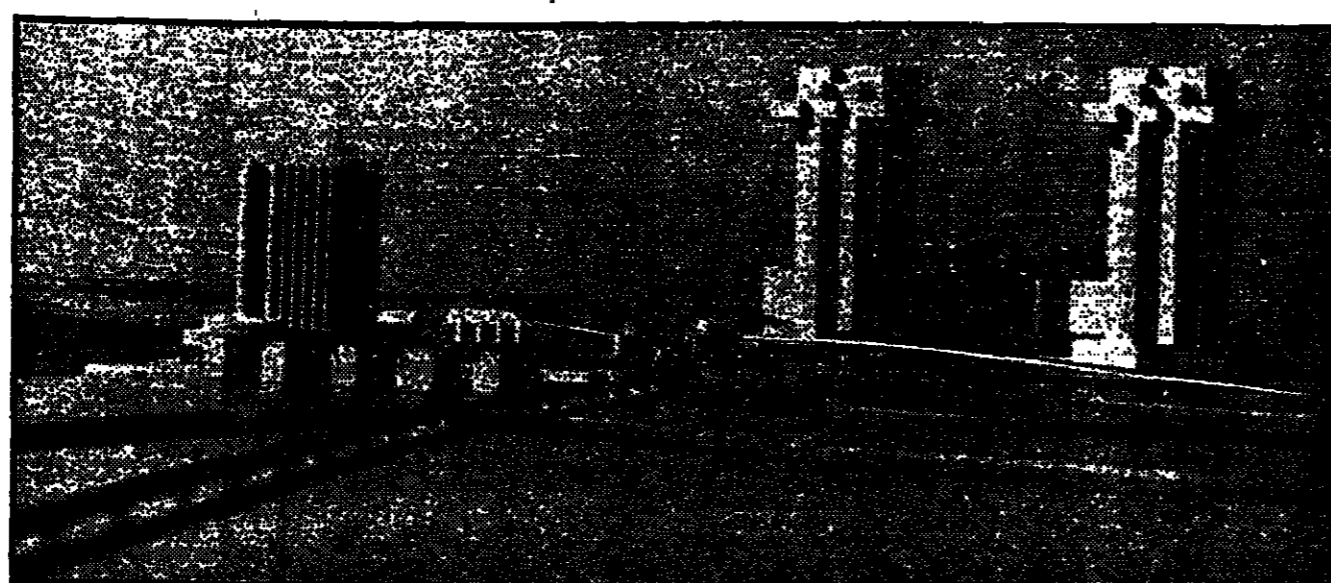
مكتبة الأمل

THE ARTS

Architecture
Colin Amery

Chance to change London's working life

It has taken an inordinately long time for the potential of London's Docklands to be realised; indeed, the real value of the area for London and the South East has still not been grasped imaginatively. Only the advent of the large-scale American plans for Canary Wharf on the Isle of Dogs seems to have woken everyone up to the fact that this could be the natural place for the extension and reordering of much of London's working life.



Model of the Thames Market Centre, proposed for a key Docklands site

You can tell that something real is happening there when you hear, as I did in the Guildhall the other day, the London Docklands Development Corporation being referred to as "the enemy" of the City. This is a depressing reaction to the future—no plan for the City of London can afford to be so hostile to the City as to act as though Dockland does not exist.

As Canary Wharf, under the stern hand of its promoter Mr G. Ware Travelstead, waits for the mandates of the Royal Fine Art Commission and the passage of a Parliamentary Bill to extend the railway, another large and fascinating scheme is awaiting the pleasure of the LDDC.

The Thames Market Centre is proposed for a key site situated between the Isle of Dogs and the City STOL Airport to be built in the Royal Docklands. The intention is to provide a centre for permanent displays of international traders. The architectural concept (by the Sir Basil Spence Partnership) allows for a group of pavilions, each allocated to a trading nation or group of nations.

Obituary/Christopher Isherwood

Anthony Curtis

The novelist Christopher Isherwood, who died at the age of 51 at the weekend in Santa Monica, California, where he had lived for many years, had the good fortune as a young writer to create a character on whom it is no exaggeration to say he was able to live for the rest of his life.

while contemplated becoming a monk. But although deeply committed to his newly found religion, studying and translating the Gita, he continued to write fiction and worked as a scriptwriter in Hollywood. It was here that Isherwood met the other British exile, the playwright John Van Druten who turned Sally Bowles and some of the other Berlin material into a play *I Am a Camera* (1951). The title is taken from a sentence explanatory of Isherwood's approach to writing.

The Mastersingers/Coliseum

Andrew Clements

The first return to the repertoire of English National Opera's 1984 staging of *The Mastersingers* on Saturday can be welcomed with only a few qualifications. This revival has had its difficulties. Originally it was to have been conducted by Charles Mackerras and the role of Hans Sachs taken by Gwynne Howell, but both dropped out at an early stage.

ing, sometimes the more cautious voices in ensembles are unavoidably overpowered. But many passages are handled with intelligent expressiveness; an occasional lack of grandeur, perhaps most noticeable in the closing minutes of the opera, might well be remedied later.



Alan Ople and Sean Rea

Arts news in brief

The National Theatre is to present the British premiere of Neil Simon's *Brighton Beach Memoirs* at the Lyttelton on February 12. The cast includes Frances de la Tour, Robert Glenister and Stephen Mackintosh.

Nicholas Nickleby/Stratford-upon-Avon

Charlotte Kentley

There is no doubt that the RSC's inventive and inspiring production of *Nicholas Nickleby* is a landmark in British theatre of the 1980s. The revival production at Stratford proves there is no doubt that David Edgar's adaptation works, but better. The answer lies in an unforgettable performance style devised by the RSC, which extends Dickens' own interest in a rhetorical style of prose, flamboyant characterisation and multi-location settings, into a fully-fledged performance piece.

The two parts total eight and a half hours but never fail to engross. Third-person narrative enables Edgar to edit and accelerate the mammoth plot by conveying some scenes in one sentence, as if asides. Part One introduces the exuberance, eccentricity and extremes of Dickens' 19th-century England; Part Two is more soul-searching. John Napier's set design of wrought-iron walkways, balustrades, railings and shadowy arches lit in warm ochre or morbid blue, to indicate the poles of existence between drawing room and debtor's prison.

Adelaide Festival 1986

The 14th biennial Adelaide Festival is to be held between March 1 and 23 and features the world premiere of Richard Meale's opera *Voss*, after the Patrick White novel; the *Eastwick* Theatre of Georgia in *The Circassian* Chalk Circle and *Richard III*; the Netherlands Dans Theater; Jan Fabre's *The Power of Theatrical Madness*; the Philharmonic Chamber Choir conducted by Jos van Immerseel.

Giselle/Covent Garden

Clement Crisp

Latest of the Royal Ballet's debutant Giselles is Ravenna Tucker, who made her first appearance in the role on Friday night. In beautiful quietness of manner, gentle grace of technique, this was a memorable performance, a bright angry for the future. The Giselle we first see is a tender girl moving with dulcet ease, emotions under-stressed but convincing. Her mad-scene rises but rarely above a mezzoforte of emotion, save for the sudden and shocking outburst as Giselle stabs herself, into the heart of the action.

for Albrecht. Rare among the company's Giselles, Miss Tucker can convey both the richness of the dance—leaps exquisitely poised so that she seems to bounce upon a step from a line stretching in floating, unforced arabesques; elevation that helps her drift over the stage like the night mist—and the emotional purpose behind it, the dramatics as light and true as the dance.

Salomon Brothers Inc is pleased to announce the opening of its Zurich Office. Stadelhoferstrasse 22, 8024 Zurich, Switzerland. Telephone (01)251-5137, Telex 816755. George P. Hutchinson, Managing Director.

Arts Guide

- Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.
- VIENNA: Alois Weissenberg, piano. Bach, Mendelssohn (85 81 99).
- LONDON: P.L.G. Young Artists and 20th century music series at the Purcell Room.
- NETHERLANDS: Utrecht, Muziekcentrum Vredenburg.
- PARIS: Paul Tortelier, cello; Ensemble Instrumental.
- NEW YORK: New York Philharmonic (Avery Fisher Hall).

London orchestras

Era ends on high note

The London Orchestral Concert Board disappears on April 1, an innocent victim of the abolition of the GLC. For almost 20 years it has subsidised orchestral concerts in London (mainly at the Festival Hall) by the big four orchestras, the LSO, RPO, LPO, and Philharmonia, along with dozens of smaller musical fry like the London Sinfonietta and the English Chamber Orchestra.

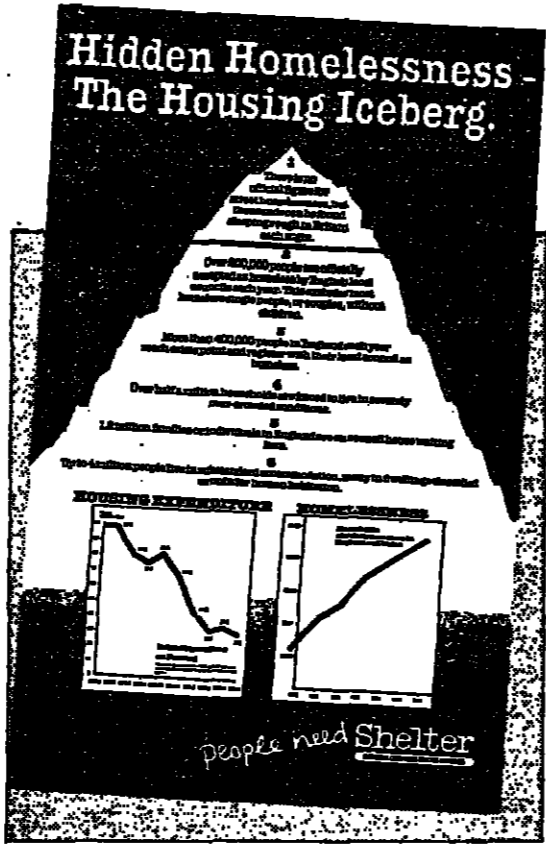
Anthony Thorncroft

HOMELESSNESS IN BRITAIN

The problem is getting worse...

By Robin Pauley

IT IS a cold rain-soaked December night well before the theatres and restaurants empty and London's metropolitan bustle starts to die down. Very young boys, prostitutes in Leicester Square and Piccadilly are still hoping for a pick-up that will give them somewhere to stay the night.



A Shelter publicity poster

HOMELESSNESS is not a one-week seasonal aberration — no it is confined to Britain. "The worst times are in January when it's always wet and February when it's always much colder," says Michael, an Ulsterman preparing to spend the night in his ragged overcoat and some cardboard boxes arranged around him.

Lombard A job insurance guarantee fund

By Samuel Brittan

ONE little-discussed item in the latest package of job measures, announced by Lord Young, last November, was the virtual winding-up of the Redundancy Fund. Employers with ten or more workers will have to meet redundancy payments themselves, instead of receiving 35 per cent from a Central Redundancy Fund. The savings will be used to help finance new job promotion schemes.

US leveraged buyouts

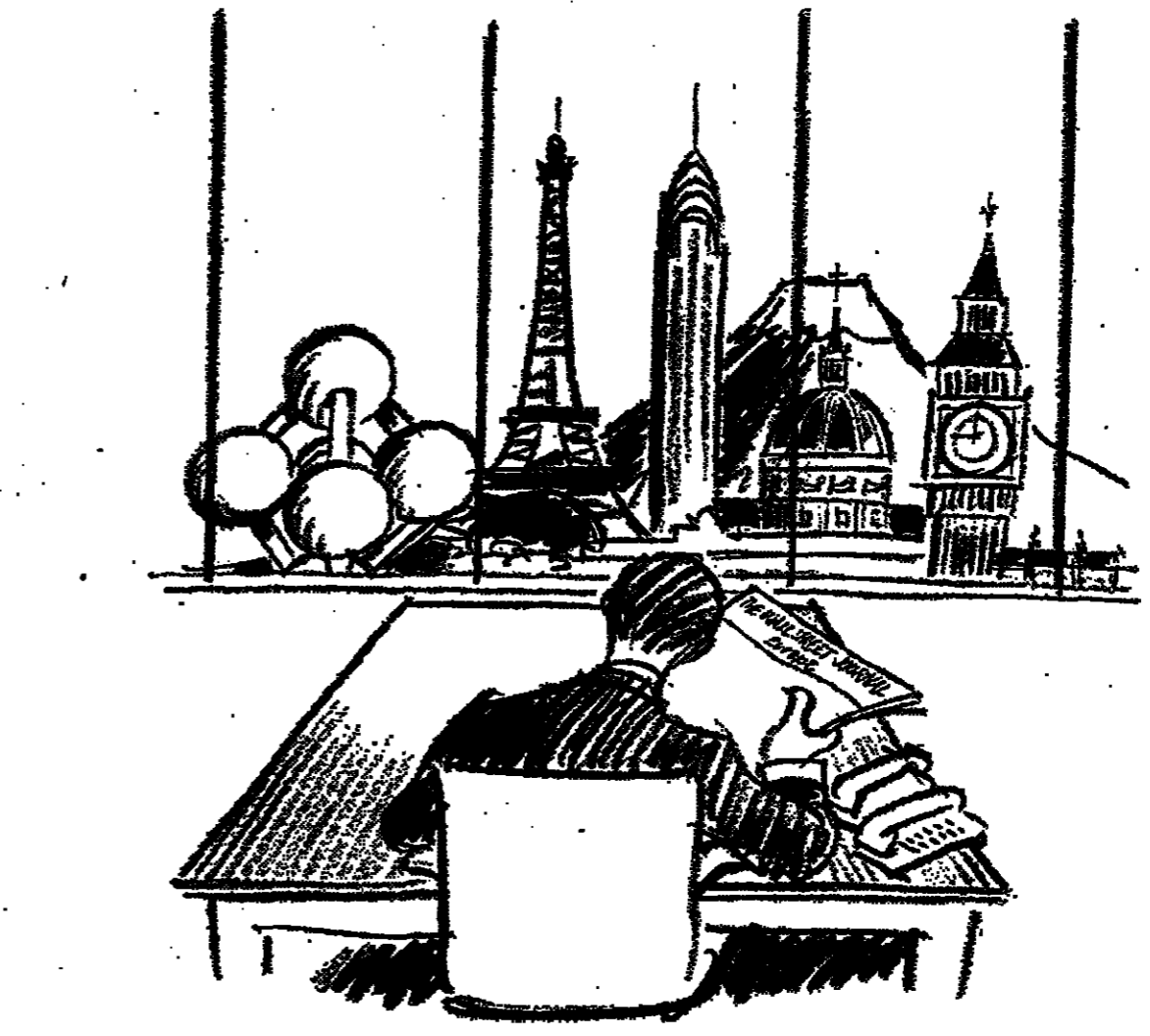
From Mr R. Leutwiler Sir,—The success of US leveraged buyouts is undeniable. Looking at them superficially from the outside, everybody seems to benefit: the public shareholders receive cash for their investment with an appreciable capital gain, the providers of finance can expect much higher returns than they would normally obtain elsewhere, LBO organisers and a number of legal and other financial advisers earn not-negligible fees and commissions and the members of the management team being now part-owners become more motivated through the potential appreciation of their personal investment.

Letters to the Editor

done before our authorities will be obliged to introduce controls which unfortunately will have many other negative side effects to our system of free economies? Rudolf G. Leutwiler, 7, ch. du Pre-Poist, 1253 Vandoeuvre, Geneva, Switzerland. Sikorsky and Westland From Malise Graham Sir,—In 1981 United Technologies earnings per share were \$3.85. For the first six months of 1985 they were \$1.29 and for the year just ended are estimated in the range \$3.00-\$3.50.

why not against W. Germany?

It is because of the huge trade deficit with Japan? Yes, China has trade deficits with not only Japan, but US, EC, even Hong Kong and others. So why not demonstrate against these? It is because Japan's intention to monopolise the Chinese market and its unwillingness to invest in or transfer technologies to China angered the Chinese people's feeling towards Japanese businessmen, which was agitated by the film 'Four Generations under one roof' depicting the miserable life of Peking citizens during the Japanese occupation. The film was shown during the summer to commemorate the anniversary of the end of the anti-Japanese war. And many young people learned of Japanese cruelties through this. The feeling was triggered, I think, by two incidents: a great disaster for the import of 5,800 Mitsubishi trucks of low quality and Mr Nakasone's official visit to the Japanese shrine of the war dead.



PROFIT FROM A WIDER VIEWPOINT.

For a strategic overview of the international business scene, all you need is The Wall Street Journal/Europe. The Journal offers you: a concise daily summary of international corporate and economic developments, a comprehensive package of international capital market news and financial information, a unique and sometimes controversial editorial position on European economic and public policy issues, and the most complete coverage of the American economy and American business available this side of the Atlantic.

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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Monday January 6 1986

Lovell
BICENTENARY
Two centuries strong
and building
1786 1986

Dutch bankers hail deregulation

WHILE most Eurobond syndicate managers headed for the old slopes last week, bankers in the Netherlands stayed at home to usher in a new liberalised era in the Dutch capital markets, writes Alexander Nicoll in London.

The Amsterdam bond market had until the end of 1985 been fettered by many restrictions on the timing, nature and maturity of debt securities issues. The chains have not all been removed, but the appearance of every type of newly allowed paper on the first available day was an eloquent gesture of the markets' gratitude to the Government.

Despite the initial rush, however, it is not expected that there will be a huge upsurge in bond issue volume on the domestic Dutch market. With the bond market dominated up to now by the Government, borrowers are accustomed to being served by a well-established domestic long-term loan market.

time. Swiss and German markets both showed marginal gains where changed on Friday. The yen sector has been among the most active, with Friday seeing a 120bn issue from Ford Motor Credit.

Of Truffles and Perrier pipes

OVER the Christmas party season, our Euromarkets staff conducted a survey of bankers' predictions for 1986.

January: 8am. Credit Suisse First Boston launches its first Eurobond deal of the year, displacing Nikko Securities at the top of the league tables.

April: On the first day of the month, the World Bank launches the first fixed-rate perpetual issue in the Eurodollar bond market. Bankers hail it as a sign of the maturity of the market but then realise Eugene Rotberg was only kidding.

Paris launches a \$1bn project financing credit to fund a cross-Channel Perrier pipeline. The proposed Channel Tunnel is declared redundant as a result, dashing hopes of vast leading opportunities for international banks.

TOP 20 EUROBOND LEAD MANAGERS

Table with columns: Manager, 1985 Amount, Rank, Market share %, Issues, 1984 Amount, Rank, Market share %, Issues. Lists managers like Credit Suisse First Boston, Merrill Lynch Capital Markets, Salomon Brothers, Deutsche Bank, etc.

EUROBOND ISSUES BY CURRENCY

Table with columns: 1985 Rank, Currency, Total raised (\$bn), No. of issues, 1984 Rank, Total raised (\$bn), No. of issues. Lists currencies like US\$, DM, Yen, etc.

EURONOTES AND CREDITS

Merrill adds currency twist to RUF

A NEW TWIST has been given to the revolving underwriting facility (RUF) in a deal being arranged by Merrill Lynch Capital Markets for Société Lyonnaise de Banque.

lend to each other without paying or receiving underwriting fees. The multicurrency transferable RUF will enable Lyonnaisse to issue certificates of deposit in dollars or European currency units, with an issuer-set margin at a maximum of 10 basis points above London interbank offered rates.

arrange a Euro-commercial paper programme without a backup credit facility. The company has appointed Deutsche Bank Capital Markets and Morgan Guaranty as dealers for a \$100m Euro-programme.

EUROMARKET TURNOVER Turnover (\$bn) table with columns: Primary Market, Secondary Market, and sub-categories like US\$, DM, Yen, etc.

CHARTER MEDICAL CORPORATION
Swiss Francs 86 000 000
6% Bonds 1985-1995
List of banks including BA FINANZ (SCHWEIZ) AG, BANK HEUSSER & CIE AG, BANQUE PARIABAS (SUISSE) S.A., etc.

THE REPUBLIC OF ITALY
Zero Coupon Bonds of 1985, due 2005
of Swiss Francs 300 000 000
List of banks including SODITIC S.A., BANQUE GUTZWILLER, KURZ, BUNGENER S.A., BANCA COMMERCIALE ITALIANA (SUISSE), etc.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Chris Sherwell and Wong Sulong on the pressures facing a Malaysian entrepreneur

A triple challenge for Tan Koon Swan

THERE IS A Chinese proverb of special relevance in these troubled times in Singapore and Malaysia. "You can be smart most of the time, but one stupid mistake can bring life-long ruin." For Mr Tan Koon Swan, the Malaysian entrepreneur and politician, the stupid mistake, as he has confided to friends, was his involvement in Pan-Electric Industries, the Singapore marine salvage, hotel and property group now under threat of liquidation. Pan-Electric was placed in receivership at the end of November with debts of S\$400m (US\$188m). The group in which Mr Tan has an indirect 22.6 per cent stake, could not meet commitments to buy S\$140m-worth of shares, many of them in Mr Tan's own listed companies, Grand United Holdings (GUTH) and Supreme Corporation.



partly had been riven by bitter infighting for 20 months. "There were times when he was acting like a zombie, shuttling daily between Kuala Lumpur and Singapore, attending endless meetings, appeasing accusing bankers and top civil servants, as well as making last-minute political deals to ensure his MCA victory. The stress was too much and he made a couple of inappropriate remarks which only increased nervousness and suspicion in Singapore towards him," said one of his associates. In Malaysia, "TKS," as Mr Tan is commonly known, is widely regarded as a brilliant businessman with a strong loyalty to friends and commitment to the Chinese community. But in Singapore he is seen as a corporate juggler and a buccaner from up-country. That he is still under considerable pressure, particularly from banks in Singapore, is indisputable. Last week he bought himself some time when the bulk of Pan-Electric's forward share purchase commitments were, as agreed, transferred to him personally. The Singapore and Malaysian brokers involved in the transactions in turn agreed to roll them over for another six months. Next week, later than originally planned, he faces another difficult deadline under the agreement, to inject S\$8m cash into Pan-Electric beyond the S\$20m he has previously committed. After that, Price Waterhouse can still call on Mr Tan for another S\$12m, and there is considerable speculation whether the already

tip of an iceberg of similar transactions built up by many entrepreneurs in Malaysia and Singapore. This fact is well appreciated by Mr Daim Zainuddin, the powerful Malaysian Finance Minister, who realises that the collapse of Mr Tan would almost certainly have a domino effect. Mr Daim himself is the strongest proponent of boosting the local stock market. Mr Tan must now overcome three extremely difficult problems if he is to wind down his business interests and concentrate on politics. He has pledged: The financial restructuring of Pan-Electric; the discharge of his forward contract commitments; and the protection against outside predators of his listed companies. He wants to raise a 100m ringgit (US\$41.5m) loan in the coming weeks to help meet the forward contracts as they mature. A large Chinese-controlled company is expected to make a loan stock issue, which would be underwritten by several prominent Chinese businessmen. The nationwide MCA network of 400,000 party members would be called upon to take up the paper, though they may take considerable persuading. To raise further funds and to place GUTH and Supreme in friendly hands, he is negotiating with Unico, the investment arm of the Associated Chinese Chambers of Commerce and Industry, to take over a controlling stake in either company. Other business groups have also been

approached. These talks will take time and could break down over the crucial issue of price. GUTH and Supreme were suspended more than a month ago at L19 ringgit and L39 ringgit respectively, giving them market capitalisations of 271m ringgit and 527m ringgit. Their real value, however, would be considerably less if the shares were allowed to be traded under present conditions. It is estimated that between 15 and 20 per cent of GUTH and Supreme shares are held by Singaporeans who might dump them at any price once they are relisted. Mr Tan's close associates say the rescue of Pan-Electric continues to pose the most urgent problem, partly because of its huge debts, but largely because it is now under receivership. "It's never easy to negotiate a deal when 37 banks are involved, each scrambling to get whatever they can for themselves," said one Malaysian businessman. For their part, Pan-Electric's creditor banks say they will go along with Mr Tan as long as doing that offers the lesser risk, yet this is plainly a matter of faith. Ultimately the banks, the brokerage firms and the Singapore authorities—together with companies which sold Balaena securities, and which had filed in court to reindemnify claims. As a result the brokers would withdraw their claims and any objections to the reorganisation plan, Baldwin said.

Court approves Baldwin agreements

By Our Financial Staff BALDWIN-UNITED, the financial services group operating under Chapter 11 of the US Bankruptcy Code, has signed a series of agreements which, it says, clear main obstacles to its reorganisation plan. The US Bankruptcy Court approved an agreement involving Baldwin companies, insurance regulators and banks settling claims relating to non-payment of more than \$500m in loans to Balaena, a Baldwin subsidiary. The loans were made in connection with Baldwin's purchase of MGIC Investment, a mortgage insurer, as part of an over-ambitious diversification plan. Manufacturers Hanover had previously raised objections to the reorganisation plan on behalf of the bank consortium. Banks involved in the loans were paid on December 31 with proceeds from the sales of MGIC's mortgage guaranty and municipal bond businesses. The court has also approved settlements between Baldwin and Merrill Lynch and other brokerage firms, which had filed in court to reindemnify claims. As a result the brokers would withdraw their claims and any objections to the reorganisation plan, Baldwin said.

Icahn becomes TWA chairman after passing final hurdle

BY PAUL TAYLOR IN NEW YORK MR CARL ICAHN, the Wall Street investor, has become chairman of TWA, the struggling US airline, after overcoming a last-minute stumblingblock with the air carrier's pilots and winning management approval for a revised and scaled-down no-cash partial merger deal. Under the terms of the final agreement, which comes seven months after Mr Icahn first launched his bid for TWA, Mr Icahn, who already owns 52 per cent of TWA's stock, will acquire up to half the remaining 24m outstanding common shares paying minority shareholders completely in preferred stock. Mr Icahn had originally planned to acquire all the remaining outstanding shares for \$19.50 in cash and \$4.50 in preferred stock each. By not offering any cash in the final deal Mr Icahn and TWA should emerge with \$750m in cash available from planned floatings being put together by Dresel Burnham Lambert, the Wall Street investment bank. This cash could be crucially important to TWA which is expected to report a sizable fourth-quarter loss and a \$140m to \$150m full-year net loss. TWA also faces the prospect of a threatened strike by members of the independent federation of flight attendants - the only TWA

union which has so far not agreed wage and benefit concessions with Mr Icahn. The Wall Street investor, who already had a seat on the six-member TWA board, became chairman after he won control with two supporters when two other board members resigned. The two board members who quit will remain on a standing committee and continue to represent the interests of the remaining public shareholders with the right to review any merger or other transactions. The agreement with the pilots union came after key negotiations over how seniority rights at TWA would be protected should TWA take over another airline or itself be acquired. Mr Icahn approached both Northwest Airlines and American Airlines earlier last year. The pilots' agreement followed contract settlements with the International Association of Machinists and Aerospace Workers. TWA, which has some of the highest labour costs in the US airline industry, has negotiated concessions totalling about \$150m a year, but Mr Icahn hopes to raise these savings to about \$300m a year by winning further concessions from flight attendants and non-union workers.

Table with 9 columns: Borrowers, Amount, Maturity, Av. life, Coupon, Price, Book Runner, Offer yield. Rows include U.S. DOLLARS, SWISS FRANCS, GILBERTS, NORWEGIAN KRONER, LUXEMBOURG FRANCS, YEN.

Chase in link with Cedel

BY ALEXANDER NICOLL CHASE MANHATTAN Bank has joined forces with Cedel, the Luxembourg-based Eurobond clearing house, to provide a same-day settlement service for issuing and trading Euro-commercial paper. Quick settlement has been urgently needed to assist the development of the rapidly growing market in such securities—short-term notes issued by sovereign or corporate borrowers on the Euromarkets in a similar fashion to the vast US commercial paper market. Euroclear, the rival Eurobond clearer based in Brussels, has also announced plans for same-day settlement of Euro-commer-

cial paper. Like the Chase/Cedel system, which takes effect immediately, it would avoid the costly and risky physical movement of paper. Chase and Cedel allow for same-day physical delivery if it is required. The essence of the new system is that Chase's London branch has become the London depository for Cedel, which has some 1,500 investors as clients. Chase acts as issuing and paying agent for the Euro-securities. Details of sales of paper to Cedel investors are processed and communicated through a direct computer link, enabling borrowers to receive funds on the day of issue.

Gotthard Bank Lugano ahead

By John Wicks in Zurich NET PROFITS of Gotthard Bank, Lugano rose by 17 per cent last year to SFr 34m (\$16.4m) following an 8 per cent rise in the balance sheet total to almost SFr 4.5bn. The Japanese-controlled bank, traditionally the first Swiss bank to announce its annual results, booked a jump in gross earnings for 1985 from SFr 71.3m to SFr 110.5m. This includes an extraordinary dividend of SFr 40m paid to the Lugano bank by its Bahamas subsidiary Gotthard Bank International,

Further suit in UPI battle

UNITED PRESS INTERNATIONAL said plans for a Mexican publisher and Texan builder to take over the news agency were moving ahead despite a \$975m damage suit filed by a rival group of bidders. Reuters reports from Washington. Financial News Network, a New York communications company, alleged in a suit filed in a district court last week that the winning bidders had conspired with executives at UPI to foil what it claimed was its superior offer. UPI announced last month that it had accepted the \$41m bid of Mr Mario Vazquez Rana, publisher of Mexico's El Sol

newspapers, and Mr Joe Russo, a Houston real estate developer. Mr Vazquez Rana has pledged to take the news agency out of bankruptcy code protection and restore it to profitability. In accepting the Vazquez Rana bid, UPI said the Financial News Network offer, made on behalf of itself and six other investors, had failed to meet a November 12 deadline. The agency refused comment on the suit beyond saying, "There are many law suits pending between the various parties involved in UPI's acquisition, and it is not surprising to learn there is another one."

Advertisement for Bahrain Middle East Bank (E.C.) U.S. \$35,000,000 Transferable Revolving Underwriting Facility for the Issuance of Short-Term Negotiable Bearer Certificates of Deposit. Includes list of managing and co-managing underwriters.

Advertisement for Hawley International Finance Limited U.S. \$100,000,000 Revolving Multicurrency Transferable Advances Facility. Guaranteed by Hawley Group Limited. Arranged by Credit Suisse First Boston Limited. Lists various participating banks.

Handwritten text in Arabic script at the bottom center of the page.

INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

Sentiment still bullish despite year-end pressures

US BOND prices moved relatively little during generally lacklustre trading over the two-week holiday period.

The "hangover" holiday trading provided a relatively rare lull in the recent hectic pace of market activity — and an opportunity for investors to reassess positions against the backdrop of generally bullish forecasts from Wall Street's economic gurus.

Perhaps the most significant market feature was how well prices held up in spite of the continued absence of a discount rate cut, a high Federal funds rate and year-end portfolio pressures.

In the government bond market prices closed slightly lower on the week, but still marginally ahead of pre-Christmas levels.

US MONEY MARKET RATES (%)

Table with columns: Fed Funds (weekly average), Three-month Treasury bills, Six-month Treasury bills, Three-month prime, 30-day Commercial Paper, 90-day Commercial Paper. Rows show rates for Last, 1 week, 4 weeks, and 12-month ago.

US BOND PRICES AND YIELDS (%)

Table with columns: Semi-year Treasury, 20-year Treasury, 30-year Treasury, New 10-year "A" Financial, New "AA" Long Industrial. Rows show Last Change, 1 week, and 4 weeks ago.

Money Supply: In the week ended December 23 1985 by 25.3bn to 927.9bn.

The price declines of 1/8 to 1/4 points were largely explained by concerns about abnormally high funds rates. Seasonal factors pushed the fed funds rate up to an average of almost 13.5 per cent.

dece of traditional year-end window dressing and a scramble for funds at the end of a reserve maintenance period, which resulted in an unusually intense demand for bank reserves."

These pressures were intensified by a surge in Treasury balances resulting from year-end settlements of state and local government non-markable issues (SLGIs) as local governments across the US tried to beat an anticipated change in rules governing advanced refundings of tax-exempt securities.

The unexpectedly large increase in Treasury balances could have further repercussions. In particular Wall Street economists were busy last week downgrading their estimates of

both seasonal reserve pressures, which normally appear in the later part of this month, and Treasury debt issuance during the first quarter.

Such revisions could have important consequences for market participants in the intermediate term. But there are a number of more immediate hurdles to get over.

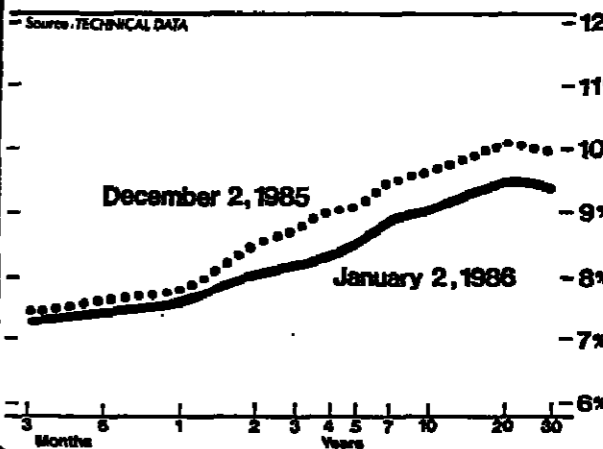
Heading these will be the Treasury auctions of seven- and 20-year securities tomorrow and Wednesday. While some market analysts believe the auctions could spark a long-awaited correction in prices, others remain convincingly bullish.

Underpinning the still general positive sentiment of the market are the latest economic figures which continue to paint a mixed picture biased towards sluggishness.

Last week's statistics showed that while a 1 per cent gain in November factory orders appeared strong, a 0.3 per cent decline in durable goods orders would have been disastrous had it not been for defence orders.

Meanwhile the November Underpinning current market confidence is the belief that, despite the lack of a discount rate cut, the Fed has

Treasury Yields



ended — probably to a 7.75 per cent funds rate.

Accordingly market bulls like Phillip Braverman of Briggs Schaeffle argue that, despite widespread dealer, speculator and chartist pessimism, any market retreat would present an investor buying opportunity.

The latest, holiday delayed, increase in M1 had virtually no impact on the market which has already turned its monetary target sights towards Fed chairman Paul Volcker's February Congressional testimony

and the prospect that the US monetary authorities are likely to further de-emphasise M1 and perhaps place greater weight on the better-behaved M2.

In the US corporate bond markets a bumper year went out with a whimper in very quiet trading.

Despite the inevitable lull in new issue volume the December total hit an unprecedented \$15.8bn, according to Salomon Brothers figures.

Paul Taylor

FT/AIBD INTERNATIONAL BOND SERVICE

Table listing various international bonds including US Dollar, Euro, and other currencies. Columns include Issued, Price, and Yield.

UK Gilts

Table listing UK Gilts including 10-year, 15-year, and 20-year bonds. Columns include Issued, Price, and Yield.

YEN STRAIGHTS

Table listing Yen Straights including various Japanese government bonds. Columns include Issued, Price, and Yield.

Under an oil price shadow

The gilt-edged market enters 1986 obsessed by a single concern: the future of oil prices.

Last week analysts and traders were still attempting to assess the implications of Opec's pre-Christmas announcements and were anxiously awaiting the resumption of normal trading in bond, currency and commodity markets today.

According to some analysts, fears of an early downward break in oil prices have intensified over the holiday break. Some who previously thought

of Friday when the Treasury announced the largest monthly decline in foreign currency reserves for three years. It now appears the authorities were intervening more heavily than previously suspected to defend the pound during December's oil price scare.

Even if oil prices do hold steady for longer than some suspect, the general air of uncertainty makes it inevitable that gilt yields will need to incorporate a substantial risk premium for the foreseeable future.

In such circumstances, the abnormal yield gap between gilts and US bonds is little comfort for UK investors.

are also some bulls breaking cover. Mike Higgins of W. Greenwell says the outlook for gilts during the early part of the year could be "very bullish indeed".

He thinks that worries about oil are overdone. "Even if the price of oil falls further, the market should balance the benefits to worldwide inflation and interest against the loss of oil revenues and the fall in the pound."

If the market could shrug off oil worries, more attention might focus on the surprisingly favourable funding outlook. In recent months City forecasts of the PSBR have proved hopelessly inaccurate. Many now accept that the Chancellor will

shank is another analyst sensitive to the bullish undertone of the market. His central forecast is for another "dull and unexciting year with yields striking in the 10 to 11 per cent band.

But he points to the possibility that weak oil and commodity prices coupled with the continuing problems of debtor countries could lead to a burst of monetary accommodation in the US accompanied by multilateral interest rate reductions around the world.

It is more than possible, however, that the UK could fail to benefit much from multilateral interest rate cuts. The short-term outlook for prices may be favourable but many analysts remain far from convinced that Britain's inflationary psychology has been broken. The gilts market will focus more closely on pay settlements than the RPI in coming months. With continuing turbulence in oil markets, the watchword is likely to be caution.

Malcolm Roberts, the chief economist at Laing and Crick

The market's nervousness over plausible arguments but there

Notes: African Dev Bk 50, 100, 100% 0.8%... Bank of America 100, 100% 0.8%... Bank of Montreal 100, 100% 0.8%...

Notes: Australian Dollar... Bank of America 100, 100% 0.8%... Bank of Montreal 100, 100% 0.8%...

Notes: Euro... Bank of America 100, 100% 0.8%... Bank of Montreal 100, 100% 0.8%...

Notes: Japanese Yen... Bank of America 100, 100% 0.8%... Bank of Montreal 100, 100% 0.8%...

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Notes: Australian Dollar... Bank of America 100, 100% 0.8%... Bank of Montreal 100, 100% 0.8%...

Notes: Euro... Bank of America 100, 100% 0.8%... Bank of Montreal 100, 100% 0.8%...

Ashton Mining Limited U.S.\$ 50,000,000 Revolving Underwriting Facility. Includes logos for ASB and DG BANK Deutsche Genossenschaftsbank. Lists various international banks as arrangers and tender panels.

WARRANTS: Yield to redemption of the mid-price. Amount issued in millions of dollars except for yen bonds, where it is in millions of yen.

Ashton Mining Limited U.S.\$ 50,000,000 Revolving Underwriting Facility. Issuing and Paying Agent: The Chase Manhattan Bank, N.A.

UK COMPANY NEWS

RECENT ISSUES

FNFC rises 25% and returns to dividend list

First National Finance Corporation, the consumer credit, lending and property concern, saw profits increase by 25 per cent to a record £22.07m in the 1984/85 year...

Earning assets stand at over £470m compared with £328m last year, and net current assets have more than doubled to £387m...

Mr Richard Langdon, the chairman, says that the group has surmounted the many obstacles resulting from the problems of 1973-75, and is in a position to take advantage of trading opportunities...

SHARE STAKES

Changes in company share stakes announced over the past week include: Cambium Venture Capital - H. J. Rowland, director, has disposed of his holding of 229,477 ordinary shares...

Chamberlain and Hill - J. K. Bathier, director, has sold 5,700 ordinary shares at 99p and now holds 354,000 shares (10.843 per cent)...

Cliff Oil Holdings - J. G. Cliff, director, has purchased 10,000 ordinary shares...

BOARD MEETINGS

TODAY: Interim - Anglo Nordic, Carclo Engineering, Elna, Eversord, Pricer, Mariens, F. H. Tomkins

Monday and Tuesday: Soud and Simpson, United

Wednesday: Derby Trust, Eternity Machine, Jersey Electricity, Liner, Rigler

FUTURE DATES

Davy Corporation - Jan 16, Mubson Electronics - Jan 15, Peps - Jan 7

Thursday: Tinsworth Forts - Jan 16

Friday: Tinsworth Forts - Jan 16

Beazer set to raise French Kier offer

C. H. Beazer, the fast-growing housing-builder group, is expected this week to unveil an improved and final offer for French Kier, the construction company...

Last Friday, French Kier published its defence document, which estimated that 1985 profits rose by 25 per cent to £20.5m, forecast a 40 per cent increase in the dividend to 8.5 per cent...

H. J. Baldwin ahead at six months

Taxable profits at H. J. Baldwin, clay and concrete manufacturer, increased from £48,756 to £55,130 in the six months to October 31, 1985 on turnover up from £1,064 to £1,431m...

The directors say that orders for goods manufactured by the company showed a significant improvement...

Refuge Group has successful year

A SUCCESSFUL year for new life and pensions business is reported by the Refuge Group in 1985. In the Ordinary branch, new annual premiums rose marginally to £2.91m to £3m in the year when this sector of the life market was dull...

Ensign Trust purchase

Ensign Trust, formerly Murray Growth, which is controlled by Merchant Navy Officers Pension Investments, is paying £800,000 (£250,000) for a further 22,000 shares in the Ensign Trust...

Offer for Sangers Photo lapses

Mr Jeremy Pease's formal offer for Sangers Photographic, the USM-quoted group, received no acceptance and has been allowed to lapse...

Brent Chemicals

Brent Chemicals International is paying up to £176,200 for Chemie, a company manufacturing chemical products for the prime chemical-based industry...

F.T. Share Information

The following securities have been added to the Share Information Service: Chesbire (Food, Groceries); Chuangs (Electricals); Derwent Valley (Property); Kalkid (Trusts, Finance Land); Skandwick (Paper, Printing, Advertising); Toner Kemney and Millhouse (Sipr Cav Cam Frit (Overseas Traders); World of Leather (Drapery and Stores)...

LEISURE INVESTMENTS

Leisure Investments has been subscribed at £1.50 on completion, with the balance due after one year of Chemie's sales exceed £600,000...

COMPANY NEWS IN BRIEF

WYNDHAM GROUP, the engineering and property company, has increased pre-tax profits by 40 per cent in the six months to the end of September 1985, on turnover up from £647,000 to £798,000...

QUEEN'S MOAT HOUSES

Queen's Moat Houses recommended offer for Dean Park Hotels has been accepted in respect of 5.88m shares (26.32 per cent) and is now unconditional in all respects...

LOW AND BONAR'S

Low and Bonar's recommended improved offer document is expected to be posted to Cole Group shareholders on Monday. It will remain open for acceptance until 3 pm on January 20, or such later date as Low and Bonar may decide...

WEEKS PETROLEUM

Weeks Petroleum has sold its interest in exploration permits for petroleum N7/P2, offshore Australia, to Peko Oil and Kimberley Oil and Gas NL...

PALMERSTON INVESTMENT TRUST

Palmerston Investment Trust has exchanged contracts to acquire a freehold property at Leyland, Lancs, for £720,000 and financed by bank borrowings...

COMMODITIES RESEARCH UNIT

Commodities Research Unit (Holdings), a business consultant to the international metals and minerals industry, has acquired a 60 per cent stake in the British Sulphur Corporation...

CENTRAL BANK OF NIGERIA

NOTES DUE 1986/87 TO BE ISSUED IN RESPECT OF OUTSTANDING TRADE DEBT

LADBROKE INDEX

1,355-1,159 (+13) Based on FT Index Tel: 01-427 4411

Table of recent issues with columns for issue price, amount, and stock details.

Table of fixed interest stocks with columns for issue price, amount, and stock details.

Table of rights offers with columns for issue price, amount, and stock details.

Table of pending dividends with columns for date, announcement, and details.

Table of bank returns with columns for liability, amount, and change.

Table of department banking with columns for liability, amount, and change.

Table of issue department with columns for liability, amount, and change.

Table of issue department with columns for liability, amount, and change.

Advertisement for Continental Illinois Overseas Finance Corporation N.V., featuring a logo and detailed text about the company's services and financials.

Table of financial times stock indices with columns for date, high, low, and change.

Handwritten Arabic text at the bottom of the page.

Yes, you've told us how badly Distillers is run, but what makes you think you could do better Mr. Gulliver?

GULLIVER The changes that are necessary at Distillers are so far reaching, they can only be introduced from the outside. We've done this already with a similar company - Allied Suppliers, which we bought in June 1982.

They were, in some respects, the "Distillers" of the grocery trade, a very large company that had grown by amalgamations, but whose market share had been sliding downhill for years. People expressed doubt whether Allied's business could be improved.

Profits last year were 240% of profits three years ago. Our share price has more than doubled in the last 18 months.

QUESTION *But Distillers' stock market value is 2½ times Argyll's. Aren't you biting off more than you can chew?*

GULLIVER No. Allied Suppliers was also 2½ times our size when we bought them. Yet we started to produce improved results almost straight away.

Nearly all Argyll Foods management are from Allied Suppliers. We provide the strategy and direction; they run the business. In the same way, we will identify the existing skills in Distillers, and give their management the leadership they require.

QUESTION *Your reputation has been made in the fast-moving retail trade. How does this qualify you to nurture famous whisky brands?*

GULLIVER Our prime skills are in marketing and in general management. These skills can both be applied to diverse businesses. Our record proves this. Our senior executives have backgrounds in companies like Unilever, Procter & Gamble, Mars, and Beecham: some of the most successful marketing companies in the world. We understand long-term business building and world brand marketing. It is this kind of marketing skill that we will bring to Distillers.

But more importantly, we will bring the strategy and direction required to build Distillers into an international drinks business with a much broader base.

QUESTION *You claim to be able to revitalise Distillers. But how successful is your own Argyll drinks business?*

GULLIVER How do you measure success? We've taken our drinks business from £100,000 profit in 1980 to over £10 million profit last year. Return on shareholders' funds has increased from 3% to 34%.

Last year, Distillers Company (Home Trade) showed £0.5 million profit on their sales of £121 million. We made £1.3 million profit on our home trade sales of just £30 million. If we could do that when our lead product is a regional rum, imagine what we could do with the famous names like Haig, Dewar's and Johnnie Walker.

QUESTION *You've run businesses in Britain. But what do you know about international markets?*

GULLIVER I have had direct experience in North America since 1971, when I became responsible for retail interests there, in addition to being Chairman and Chief Executive of Fine Fare here.

In 1982 we bought Barton Brands, a Chicago based drinks company, and built upon their traditional business of bourbon and Scotch whisky. For instance, we developed Corona Extra, making it the fastest growing imported beer in the United States.

Distillers make a lot of their performance in the United States. But it has all been achieved by local distributors, not by them. It wasn't till 1984 that they decided to buy one of these distributors, paying some \$250 million mainly for the right to distribute their own brands.

QUESTION *Argyll has achieved its growth by acquiring companies - How do you answer that?*

GULLIVER We have a reputation for making good acquisitions, but our profits come from making these prosper. For instance, in our food business, since 1982 we've increased profits from £18 million to £44 million - with only £2 million of this resulting from acquisitions.

QUESTION *It is said you not only buy companies - but you also sell them.*

GULLIVER In the past 4 years we've sold peripheral activities for a sum of £17 million. That represents only 2% of the current market value of the Argyll Group.

Looking at Distillers, we don't see why they need seven prestigious offices in London's West End. We may sell some of those. But we certainly won't be selling any of Distillers' valuable brands or businesses. We want to build up Distillers' business - not take it apart.

QUESTION *What makes you so confident you will make money for Distillers' shareholders?*

GULLIVER Because it will be in the interests of our management to achieve this. Argyll directors are committed to our company's success. We own a total of £27 million worth of shares in Argyll and 180 of our senior management participate in a stock option scheme, with an average of 30,000 shares each. We all have a very powerful motivation to succeed - as will Distillers' executives with our management.

QUESTION *Shareholders are being bombarded with circulars. Is there to be any let up?*

GULLIVER The shareholders have my sympathy. But we hope soon to be able to reduce these mailings to two a year - telling Distillers' shareholders about their dividends and earnings.

Argyll. We can revive Distillers' spirits.

WORLD STOCK MARKETS

Indices

NEW YORK DOW JONES 1985-86 High Low Comp'n

STANDARD AND POORS 1985-86 High Low Comp'n

N.Y.S.E. ALL COMMON 1985-86 High Low Comp'n

TORONTO 1985-86 High Low Comp'n

MONTREAL 1985-86 High Low Comp'n

NEW YORK ACTIVE STOCKS

AUSTRIA 1985-86 High Low Comp'n

GERMANY 1985-86 High Low Comp'n

BELGIUM/LUXEMBOURG 1985-86 High Low Comp'n

DENMARK 1985-86 High Low Comp'n

FRANCE 1985-86 High Low Comp'n

NETHERLANDS 1985-86 High Low Comp'n

ITALY 1985-86 High Low Comp'n

NETHERLANDS 1985-86 High Low Comp'n

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CANADA

TORONTO Closing prices January 3

TORONTO Closing prices January 3

TORONTO Closing prices January 3

TORONTO Closing prices January 3

TORONTO Closing prices January 3

TORONTO Closing prices January 3

TORONTO Closing prices January 3

TORONTO Closing prices January 3

TORONTO Closing prices January 3

MONTREAL

MONTREAL Closing prices January 3

OVER-THE-COUNTER

Nasdaq national market, closing prices, January 3

Continued from Page 27

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Continued from Page 27

Continued from Page 27

Continued from Page 27

"What's special about these Danish companies?"

ASN Bank Copenhagen Branch, Assurances-Societats, Barclays...

They are all regular readers of the FINANCIAL TIMES - European Edition

For further information about subscription rates in Scandinavia...

01-13 44 41

مركز الأهرام

INTERNATIONAL APPOINTMENTS

Gould splits role of chief executive and chairman

BY DONALD MACLEAN

GOULD, the US electronics concern, has split the role of chairman from that of chief executive...

joined Gould after 21 years with International Business Machines...



Mr James F. McDonald (left) is to be chief executive of Gould, while Mr William T. Yivisaker remains chairman

IFC puts in Kreuter in Paris

By Our Financial Staff

INTERNATIONAL FINANCE CORPORATION (IFC) has appointed Mr Gunter H. Kreuter special representative in its Paris office.

As head in Paris, Mr Kreuter will have the tasks of identifying and developing relations with the European corporate sector...

IFC, the affiliate of the World Bank, is in turn an affiliate of the International Monetary Fund...

Johnson broadens role at Caltex Petroleum

BY OUR FINANCIAL STAFF

CALTEX Petroleum Corporation has announced that Mr Raymond F. Johnson, its president, has been elected to the additional positions of chairman and chief executive officer...

Move round for Syntex

SYNTEX CORPORATION, the Californian health care company, has elected Mr Richard P. Powers vice president and chief financial officer.

Mr Powers, 44, joined Syntex in 1981 as vice president and controller.

Gitner ahead in Texas Air

TEXAS Air Corporation announces that Mr L. Gitner has been elected president, and to member of the board, reports AP-DJ from Houston.

Mr Frank Lorenzo, who has been president, becomes chairman and chief executive officer. Mr Gitner will be chairman of Texas Air.

Mr Gitner spent six years with Texas International Airlines, a carrier merged into Continental Airlines in 1982.

Prior to working for Texas International, Mr Gitner worked at Trans World Airlines, from 1968 to 1974.

Bond in an Apollo change

APOLLO COMPUTER has named Mr Richard P. Bond as senior vice president, chief financial officer and general manager of the finance and administration group.

Mr Bond was most recently chief financial officer at Stauffer Chemical Company. He replaces Mr David G. Lubrano who resigned his post to pursue personal interests in a venture capital, but who will remain a consultant to the company.

Mr Harold R. G. Wiggins, vice president, finance, becomes senior vice president and director on March 1.

Mick at HCA

HOSPITAL CORPORATION of America has named Mr Roger E. Mick as its new president and chief financial officer, with effect from January 1.

Mr Mick will succeed Mr Sam A. Brooks, who is resigning to pursue his own business interests, but will be available to the company as a consultant.

UK APPOINTMENTS

Managing director at AMEC Group

Mr Rudi Klages has been appointed a director of AMEC and managing director of AMEC International Construction, overseas contracting arm of the group.

Mr John Coles, Mr Keith Mann and Mr Toby Monaghan have been appointed directors of STREETS FINANCIAL.

Mr Ian Edward Donovan has been appointed a member of the CIVIL AVIATION AUTHORITY. He will be group director responsible for financial and central services for a five-year term from January 1.

The following have been appointed directors of ALEXANDER HOWDEN AND BECK, the London members agency of Alexander Howden Group.

Mr Frank McLoughlin and Mr Stuart J. Dowling have joined the board of JOHN LAING CONSTRUCTION. Mr McLoughlin is responsible for certain building activities throughout the UK.

Mr Robert Way has been appointed a director of DUNCAN LAWRIE.

LYNDOE (HOLDINGS) has appointed Mr Selma Mitchell as director of financial resources, replacing Mr Alan Taylor, who becomes a non-executive director.

with Deloitte Haskin & Sell before moving into country practice in partnership with Messrs Carter & Ashby of Turbridge Wells.

STEEL BROTHERS HOLDINGS has appointed Mr J. R. E. Mack as its new managing director in succession to Mr A. F. F. Macleod.

Captain Peter Hunt has been appointed head of safety services at BRITISH AIRWAYS. Since 1981 he has been head of technical and training flight crew, a position he will continue to hold in his new role.

Mr David Gilbertson has joined the board of METAL BULLETIN CONFERENCE. He will assume the responsibilities in addition to continuing as non-ferrous editor of Metal Bulletin.

Mr A. W. Pickup has been appointed financial director of STUART EDGAR following two years as company secretary.

PANNELL KERR FORSTER has appointed Mr Robert Hawkins as a partner in the Great Yarmouth and Norwich office.

Mr Keith Hulme has joined WHITTINGDALE as an executive director responsible for the development of personal investment services. He steps down from the main board of Merricks, but remains a consultant.

The following appointments have been made to the board of GODELL, ASTLEY & PEACE (FOREIGN EXCHANGE): Mr J. G. O'Neill, chairman; Mr P. R. Johnston, managing director; Mr F. R. Clarke, deputy managing director; Mr I. Lumsley-Kelly and Mr R. A. Schneider, directors.

FT UNIT TRUST INFORMATION SERVICE

Table listing various unit trusts and their performance metrics, including columns for Name, Type, and other financial details.

FOCUS ON SOUTH AFRICA SERIES. A special advertising series featuring companies involved in South African commerce and industry.

F.T. CROSSWORD PUZZLE No. 5914

Crossword puzzle grid with numbers 1 through 31 indicating starting positions for clues.

- ACROSS: 1 Bill in America has a way with old clothing (6); 4 Royal nipper is well protected in the water (4,4); 9 What is missing is the French copper-not available (6); 10 Agreement to marry next worshipper (8); 11 She is in order; rest is not in order (6); 12 Break can be seen in broken singer (8); 13 Person showing energy (3); 14 One of several disturbances dramatically linked with excursions (6); 15 Does it mean there is no conflict between US and China? (7); 21 Yard is pursuing ring responsible for forgery (6); 25 Ambassador and wife cut down (3); 26 The copper keeping her away from the French was a hard worker (8); 27 Presses on quickly to be included among selected players (6); 28 Careless mistakes by carrier (8); 29 Trick is to catch one's breath (6); 30 Drawing on an unknown desire (8); 31 Witness present during experiment (6).

- DOWN: 1 Adaptation of last main work written by Scott (6); 2 Where defenders go for a meal when they retire? (4,4); 3 Athlete takes leading position for a second (6,2); 5 One must have nothing to eat: this will prevent contamination (6); 6 That girl rocks all over the place (6); 7 Circular nut turns over the shaft (6); 8 Splink by counterplot? (6); 12 Provides stimulation since it is different (7); 13 Drive up to ruin (3); 14 Aware of the trend to start cheering (3); 15 Used to make the greens and potatoes pliant (4,4); 16 In front of stake to surrender (8); 17 Splink abandoned by order of the military (4,4); 18 Why there's a lot of risk in alcohol? (6); 19 Circulation of air can be applied to bruises (6); 20 Bread's width determines type of gas burner (6); 25 Leading Lady is not finished with drug (6); 26 The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Table listing various unit trusts and insurance companies, including names like 'Scottish Widows' and 'Scottish Life Investments', with columns for company names and numerical values.

Large central table containing numerous entries for 'AUTHORISED UNIT TRUSTS & INSURANCES', listing company names, addresses, and financial data.

Table listing various insurance companies and their financial details, including names like 'Prudential' and 'National Mutual Life'.

Handwritten Arabic text at the bottom center of the page.

INSURANCE, OVERSEAS & MONEY FUNDS

Table of financial data for various insurance and overseas funds, including company names, fund names, and numerical values.

Table of financial data for insurance and overseas funds, including company names, fund names, and numerical values.

Table of financial data for insurance and overseas funds, including company names, fund names, and numerical values.

Table of financial data for money market and bank accounts, including company names, fund names, and numerical values.

Money Market Trust Funds

Money Market Bank Accounts

NOTES

Options 3-month call rates

Table of options and 3-month call rates, including company names, fund names, and numerical values.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, and Yield. Includes sub-sections for 'Shorts' (Lives up to Five Years) and 'Five to Fifteen Years'.

Table of 'Over Fifteen Years' funds, listing various investment vehicles and their performance metrics.

Table of 'Index-Linked' funds, showing funds that track specific market indices.

Table of 'INT. BANK AND OSEAS GOVT. STERLING ISSUES', listing international and overseas government securities.

Table of 'CORPORATION LOANS', detailing various corporate loan offerings.

Table of 'COMMONWEALTH & AFRICAN LOANS', listing loans from Commonwealth and African nations.

Table of 'LOANS' and 'Public Board and Ind.', covering general loan information and public board indicators.

Table of 'FOREIGN BONDS & RAILS', listing foreign bonds and rail investments.

AMERICANS - Cont.

Table of American stocks, including various US companies and their market data.

Table of 'CANADIANS', listing Canadian stocks and their performance.

Table of 'BANKS, HP & LEASING', detailing financial institutions and leasing companies.

Table of 'BEERS, WINES & SPIRITS', listing beverage-related stocks.

Table of 'BUILDING, TIMBER, ROADS - Cont.', continuing the list of infrastructure-related stocks.

Table of 'AMERICANS', providing a summary or continuation of American stock data.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont.

Table of Building, Timber, and Roads stocks, including companies like Bovis Lend Lease and Bovis Lend Lease.

DRAPERY & STORES - Cont.

Table of Drapery and Stores stocks, listing retail and clothing companies.

ELECTRICALS

Table of Electrical stocks, including companies in the power and electronics sectors.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics stocks, listing companies in the chemical industry.

DRAPERY AND STORES

Table of Drapery and Stores stocks, providing a second list of retail companies.

ENGINEERING - Continued

Table of Engineering stocks, listing companies in the manufacturing and engineering sectors.

INDUSTRIALS - Continued

Table of Industrial stocks, listing various large-scale industrial companies.

ENGINEERING

Table of Engineering stocks, providing a final list of companies in the sector.

ENGINEERING - Continued

Table of Engineering stocks, listing companies like Balfour Beatty and British Steel.

INDUSTRIALS - Continued

Table of Industrial stocks, including companies like British Petroleum and British Airways.

INDUSTRIALS (Miscellaneous)

Table of Miscellaneous Industrial stocks, listing smaller companies and sectors.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, and other consumer goods stocks.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks, listing companies in the hospitality industry.

INDUSTRIALS (Miscellaneous)

Table of Miscellaneous Industrial stocks, providing another list of companies.

INDUSTRIALS (Miscellaneous)

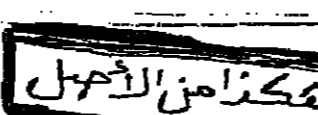
Table of Miscellaneous Industrial stocks, listing various industrial firms.

INDUSTRIALS (Miscellaneous)

Table of Miscellaneous Industrial stocks, continuing the list of companies.

INDUSTRIALS (Miscellaneous)

Table of Miscellaneous Industrial stocks, providing a final list of companies.



INDUSTRIALS - Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include company name, stock price, and other financial metrics.

LEISURE - Continued

Table of leisure stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include company name, stock price, and other financial metrics.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include company name, stock price, and other financial metrics.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include company name, stock price, and other financial metrics.

PROPERTY - Continued

Table of property stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include company name, stock price, and other financial metrics.

SHIPPING

Table of shipping stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include company name, stock price, and other financial metrics.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include company name, stock price, and other financial metrics.

INVESTMENT TRUSTS - Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include company name, stock price, and other financial metrics.

FINANCE, LAND - Cont.

Table of finance and land stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include company name, stock price, and other financial metrics.

MINES - Continued

Table of mine stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include company name, stock price, and other financial metrics.

INSURANCES

Table of insurance stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include company name, stock price, and other financial metrics.

PROPERTY

Table of property stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include company name, stock price, and other financial metrics.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include company name, stock price, and other financial metrics.

FINANCE, LAND, Cont.

Table of finance and land stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include company name, stock price, and other financial metrics.

PLANTATIONS

Table of plantation stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include company name, stock price, and other financial metrics.

NOTES

Notes section containing various financial news items, market commentary, and company announcements.

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Main table of NYSE Composite Closing Prices, listing various stocks with columns for stock name, price, and change.

Table of AMEX Composite Closing Prices, listing various stocks with columns for stock name, price, and change.

OVER-THE-COUNTER Nasdaq national market, closing prices, January 3

Table of Over-the-Counter (Nasdaq) closing prices, listing various stocks with columns for stock name, price, and change.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Carousel runs out of steam

BY COLIN MILLHAM

It would be difficult to find more contrast between the performance of a currency than the dollar at the beginning of this year and at the start of 1985. Last January it was surging to new record highs; this month it is at its lowest level for more than 24 years.

At the beginning of last year the US economy seemed to be growing at an exceptional rate. Coupled with high interest rates to fund the large budget deficit, it was drawing funds away from countries such as Japan and Germany. These countries, particularly Japan, had had an enviable trade surplus with the US in 1985, and the money earned was returned to the US to fund the borrowing requirement of the federal authorities.

It has been like a carousel, driven round until it runs out of steam and suddenly threatens to lose its attraction. There comes a point where the money earned in goods by Japan and European countries cannot find a natural home in the US, because the authorities need to correct the situation. A strong dollar has produced capital inflows into the US, but has also

£ IN NEW YORK

Table showing exchange rates for £ in New York, including 1-month, 3-month, 6-month, and 12-month rates.

Forward premiums and discounts apply to the U.S. dollar.

cent, and financial markets are suspicious that the rate for 1986 is over optimistic. Growth in the last quarter of 1985 was supported by stockbuilding and government spending, rather than consumer demand. At the same time, countries with a large trade surplus with the US are reluctant to suppress their own economic growth. Mr. Satochi Sumita, governor of the Bank of Japan, said on Friday that he does not want the yen to strengthen further against the dollar, ahead of the seven-nation summit due to take place in Tokyo in May.

This appears to set a floor of ¥200 for the dollar, but unless it is sufficient to redress the trade balance in favour of Japan, it will not placate the protectionist forces building up in the US. The conclusion seems to be that the dollar will continue to weaken and because of Japan's strong trade position will fall below ¥200. At the same time the dollar will also fall to around DM 2.40 against the D-mark, while the British authorities will probably be happy to see the pound remain around \$1.45 and decline to a level of DM 3.50 against the D-mark.

CURRENCY FUTURES

Table of currency futures for Pound Sterling and Deutsche Marks, showing prices for various terms.

Table of currency futures for US Treasury Bonds, showing prices for different maturities.

Table of currency futures for US Treasury Bills, showing prices for various maturities.

Table of currency futures for US Treasury Notes, showing prices for different maturities.

LIFFE-EURODOLLAR OPTIONS

Table of Liffe Eurodollar options, showing call and put prices for various terms.

Table of Liffe Eurodollar options, showing call and put prices for various terms.

Table of Liffe Eurodollar options, showing call and put prices for various terms.

Table of Liffe Eurodollar options, showing call and put prices for various terms.

CURRENCY MOVEMENTS

Table showing currency movements for various currencies like Sterling, U.S. dollar, Canadian dollar, etc.

OTHER CURRENCIES

Table showing exchange rates for other currencies like Arg. peso, Brazil, Greece, etc.

CURRENCY RATES

Table showing currency rates for various countries like U.S., Canada, U.K., etc.

THREE-MONTH EURO-DOLLAR (IME)

Table showing three-month Euro-dollar rates for various currencies.

PHILADELPHIA SE 2/5 OPTIONS

Table showing Philadelphia SE 2/5 options for various currencies.

POUND SPOT - FORWARD AGAINST POUND

Table showing pound spot and forward rates against the pound for various terms.

DOLLAR SPOT - FORWARD AGAINST DOLLAR

Table showing dollar spot and forward rates against the dollar for various terms.

FORWARD RATES AGAINST STERLING

Table showing forward rates against sterling for various currencies.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies and terms.

MONEY MARKETS

No sign of change in London

Interest rates showed no sign of change in London last week, as the pound held fairly steady on the foreign exchange. Trading remained quiet because of the Christmas and New Year holidays, while the pound failed to gain ground against a depressed dollar, and the US currency continued to suffer from weak US economic statistics. Three-month sterling interbank was around 11 1/2 per cent, underpinning the present 11 1/2 per cent of clearing bank base rates, and suppressing any hopes of an early cut in London rates.

NEW YORK

In Frankfurt money market rates touched a peak of 6 per cent on end-of-year pressure, as banks were prepared to bid for funds to square their books. The Bundesbank injected some DM 3bn before the New Year holiday in overnight money, and on Friday set a new two-tranche tender for 28 and 56-day securities, with a minimum rate of 4.50 per cent.

WEEKLY CHANGE IN WORLD INTEREST RATES

Table showing weekly change in world interest rates for various locations like London, New York, Zurich, etc.

BANK OF ENGLAND TREASURY BILL TENDER

Table showing Bank of England Treasury Bill tender details, including bids and allocations.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates for various terms.

LONDON MONEY RATES

Table showing London money rates for various currencies and terms.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies.

MONEY RATES

Table showing money rates for various locations like Frankfurt, Zurich, Tokyo, etc.

The Princess Alice Hospice advertisement, featuring a logo and text about hospice care.

THE KYOWA BANK, LIMITED advertisement, including a notice of prepayment and details of floating rate certificates of deposit.

Standard Chartered PLC advertisement, highlighting US\$400,000,000 undated primary capital floating rate notes.

U.S. \$150,000,000 Export Development Corporation advertisement, featuring a globe logo and details of 8 1/2% notes due January 1, 1991.

LAURA EN VEREENIGING advertisement, a majority owned subsidiary of SOCIÉTÉ GÉNÉRALE DE BELGIQUE, offering AMSTERDAM RUBBER shares.

Handwritten signature or stamp at the bottom center of the page.

FINANCIAL TIMES SURVEY

Today's computing and communications technologies are rapidly converging to open up a vast array of fresh opportunities for users and suppliers of telecommunications systems. The economic impact of this technological revolution is only just starting to emerge.

Era of massive upheavals

By GUY DE JONQUIERES

CREATIVE DESTRUCTION was the term coined by Joseph Schumpeter, the Austrian economist, to describe the process of industrial change unleashed by technological innovation. It applies with particular force to the state of the world telecommunications industry today.

After a century of stable and predictable development, telecommunications is being shaken by massive upheavals which are simultaneously shaking established institutional and industrial structures to their foundations and opening up a kaleidoscopic array of new opportunities.

At the heart of this process lies the convergence—perhaps collision would be a better word—of computing and communications technologies. For all practical purposes, the most advanced communications networks today are vast interconnected computer systems controlled by sophisticated software and carrying streams of digitised information.

The practical implications of this technological change go well beyond the computing and communications industries. Efficient management of information is already a vital competitive tool in an increasingly wide range of industries. On Wall Street, for example, the telecommunications budgets of many major financial services firms are their second largest item of annual spending after staff costs.

In manufacturing, General Motors, the world's largest car company, believes technologically advanced communications

is so important that it has paid \$2.5bn to acquire Electronic Data Systems, which is re-equipping GM's internal data network at a cost of several hundred million dollars more. The programme, when completed, is expected to give GM the largest and most modern communications system in the world after AT&T.

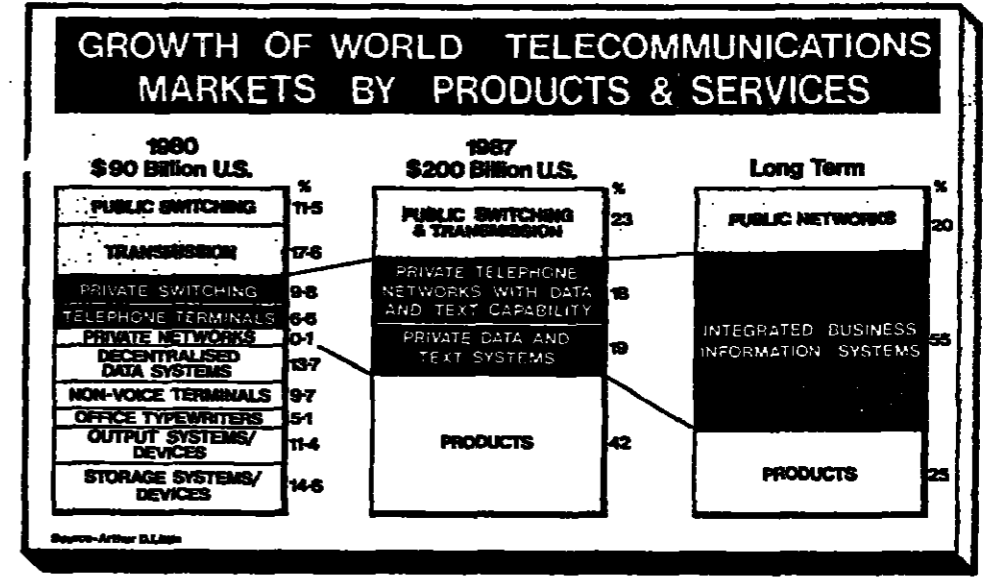
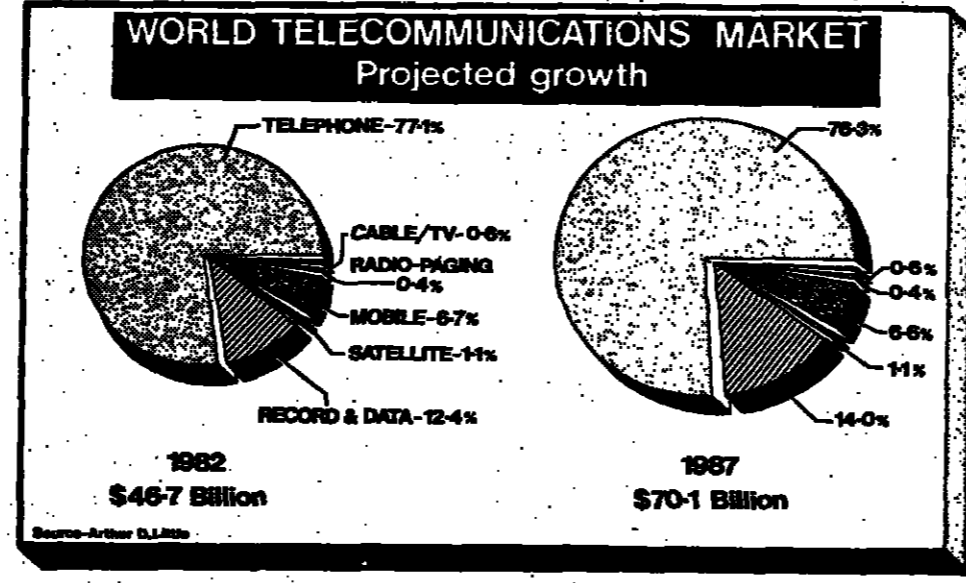
The power of modern communications is also fast demolishing the frontiers between hitherto separate industries, lowering the barriers to entry by new competitors. The emergence of multi-capacity financial conglomerates ahead of the planned deregulation of the City of London is made possible by the fact that so many types of financial transaction can now be conducted on the same electronic information highways.

This trend is, for example, also leading Reuters, the electronic business information company, to develop as a provider of financial trading networks. The potential versatility of such services both points to the emergence of truly global 24-hour trading systems and raises awkward questions about the regulatory roles and functions of Stock Exchanges as traditionally defined.

At the same time, telephone companies such as the Bell regional groups in the US and British Telecom are fast expanding beyond their previous markets to offer a growing variety of "value added" services which combine communications and computer processing to serve business needs.

The impact of the technological revolution in telecommunications is, in a very real sense,

Communications THE WORLD BUSINESS MARKET



turning it into everybody's business. The full extent of the economic and policy consequences of this transformation is only now starting to emerge.

Challenge to monopolies

It is becoming increasingly clear that the monopoly systems which have traditionally governed telecommunications almost everywhere are under challenge. As the borderline between communications and computers disappears and a vast array of new services proliferates, the necessity—indeed, the possibility—of maintaining "neutral" monopolies grows increasingly questionable.

The US, Britain and Japan have all decided that the old order was simply becoming too onerous and was constricting, instead of stimulating, innovation and growth. In the past five years, all three countries have, to differing degrees,

thrown their national markets open to competition.

Elsewhere, and particularly in Continental Europe, the monopoly principle remains more solidly entrenched—but is coming under mounting pressure. Several European countries, including France, West Germany and the Netherlands, are currently debating policy changes.

In many of these cases, however, the emphasis is less on increased competition than on giving greater commercial freedom to their monopoly network carriers by distancing them from government control. For governments in need of new sources of revenue, the UK's sale of shares in British Telecom to private investors has undoubtedly appeal.

The UK experience shows, however, that privatisation and market liberalisation are by no means identical. Indeed, they have already shown that they can severely conflict, forcing awkward policy choices between BT's customers, its shareholders

and its traditional suppliers. Apart from this confusion, countries everywhere face a formidable challenge trying to define new policies for a rapidly changing world. As a report by the International Institute of Communications observed last year: "Policymakers are confronted with the task of refereeing a game that has rules that are in constant flux."

New alliances forming

This task has proven no less difficult in those countries which believed that the introduction of competition would make official regulation largely obsolete. The complexity of the government regulatory system in the US, and the amount of activity which it generates, has certainly grown no smaller since the decision was taken to deregulate the telecommunications market.

The central problem facing regulators such as the US Federal Communications Commission (FCC) is that in order to make competition work, they are repeatedly forced to intervene to change the rules. In spite of the break-up of AT & T, the company and its former regional subsidiaries remain dominant in their traditional markets.

The challenge for policy is to keep these markets open enough to allow smaller competitors to flourish, while avoiding the imposition on the dominant players of constraints so severe that their capacity to compete is not unfairly impeded. This is not proving an easy balance to strike, as is clear from the successive shifts and reverses in FCC policy in the past few years.

In parallel, telecommunications supplier industries are also struggling to adapt to radical change. Loss of captive markets due to deregulation, the mounting costs of developing new products and the accelerating cycle of innovation are intensifying competition to seek out new markets worldwide.

Companies from other industries, such as IBM, the world's largest computer manufacturer, are entering the market. Long-standing customers, such as AT&T's former regional companies and BT, are developing as competitors, and a wide range of corporate alliances is being formed.

The opening up of the US equipment market, due to the break-up of AT&T, has created almost overnight a wealth of new commercial opportunities for both American and foreign suppliers. But competition is growing intense and whittling away the profit margins on many products.

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Plessey ISDX—connecting the future



As the US telecommunications battle intensifies, AT & T and IBM are forging links with other American and foreign partners, as PAUL TAYLOR reports from New York.

US giants form fresh alliances

SIX MONTHS ago International Business Machines (IBM) the world's largest computer-maker, stunned Wall Street by announcing that it planned to fold its loss-making Satellite Business Systems (SBS) into MCI Communications, American Telephone and Telegraph's (AT & T) chief rival in the US long-distance telephone market.

MCI deal as a "defensive move" by IBM and an admission that it may not yet have the expertise to run a telecommunications business.

move outside of familiar territory. For example, although AT & T claims sales of its basic line of personal computers are now picking up after a slow start, its latest personal computer system runs only its in-house-developed Unix operating system, but also software designed for IBM's competing and market-dominant operating system.

As a result, Ameritech says that by the autumn of this year 75 per cent of its 14.5m customer lines will be equipped to deal with direct access up from 55 per cent today. The pace of technological change is also accelerating.

per cent to more than 120,000 miles and doubling the number of digital switching systems to 255, is part of a \$5.7bn capital investment plan undertaken by the company between 1984 and 1986.

Predictions

Few additional details have emerged on the IBM/MCI link since it was first announced in June—or how MCI and IBM plan to accommodate their strikingly different corporate cultures. Most analysts agree that IBM's deep pockets, management skills and marketing might help feisty MCI—which made its reputation snapping at the heels of AT & T—in the continuing long-distance telephone battle, further intensifying competition.

Whether it will be another question, one perhaps best left to the regulators in Washington. But in the wake of the IBM/MCI deal the US Federal Communications Commission (FCC) has taken a number of key decisions in AT & T's favour.

Estimates. Part of the problem for both AT & T and IBM is that the convergence of computers and telephones, although happening, has taken longer than expected.

Some of the biggest post Bell break-up changes are taking place in the US telecommunications equipment market—worth an estimated \$60bn a year or about 40 per cent of the world total where the divestiture agreement freed the Bell operating companies for the first time to make their own equipment purchasing decisions.

Challenges. This dynamic environment is providing challenges and opportunities for the equipment manufacturers. In the \$3.2bn US market for public network switching systems, currently dominated by AT & T and IBM, other competitors including Japanese and European manufacturers are scrambling to grab a share of the market and adapt their systems to US standards.

But some industry experts also argue that the deal represents something of a defeat by "Big Blue"—SBS, originally a joint venture between IBM, Aetna and Comsat, aimed at providing business customers with advanced data and voice communications services, instead the market was forced to switch to the more mundane and fiercely competitive business of offering out-privatized telephone service to individuals.

How successful AT & T will be in competing in this newly opened market is still to be seen, but it is expected to be decisive. Like IBM, the telecommunications giant, it has suffered some setbacks in its early attempts to

change in local telephone access arrangements and the increasingly real threat that major business clients will build their own systems to bypass local telephone services altogether has spurred a wave of capital spending by both the long-distance carriers and the 22 Bell operating companies.

Here, too, new strategic international alliances are being forged. For example, Gie, whose flagship product is the Gie 555S Switch, or AT & T's 5ESS Switch, other suppliers are having mixed success. West Germany's Plessey of the UK and CTR of France and NEC of Japan.

Business network planning: new products and services make international business communications more economical and efficient, as Dennis Conroy and John Collings report.

Choice for users grows ever-wider

AS MANY countries have liberalised the supply of telecommunication equipment and services, companies have faced an unfamiliar and often bewildering range of choice. The situation is particularly complex for international business networks because of the different rates of liberalisation in different countries.

Even for the smaller company, new products and services are, however, offering opportunities not only for doing international business more cheaply, but even for doing new kinds of business and extending market-reach.

Advantages

In the case of Prestel access to telex, the opportunity now exists for businesses to send and receive telex by purchasing a low cost TV adapter. This has enabled a small specialist advisory company, operating internationally from its four-star home, to use telex on a regular basis.

Flexibility

MET certainly has the scale, clout and, probably the technical flexibility to deploy network hubs and circuits based not only on physical concentrations of business activity but equally (in some cases) on telecommunications service availability, responsiveness and rates.



The new SDX digital key telephone system from Stantel, the name under which STC Telecommunications operates in the US market. The SDX "family" is a port-oriented system ranging from 20 to 60 ports.

worldwide, has threatened to pull out of a facility in a European development area unless the quality and availability of advanced telecommunications services improve.

company is New York's Teletop. Supported financially mainly by Merrill Lynch, the report offers New York-based companies high-speed, fixed-rate communication linkages over fibre optic cable to satellite-based domestic and international long-distance services.

These companies negotiate country-by-country to procure needed services in a timely and costly process that complicates network planning and encourages users to do more for themselves.

Similarly, the extent to which variations in the telecommunications environments in different countries leads to networks that depart from physical topological logic provides a cost motivation for users to do as much for themselves as possible.

Fierce competition as new markets emerge

THE FERMENT of divestiture continues to dominate the US communications industry. While the break-up of AT&T created new opportunities for many equipment suppliers, competition to take advantage of new markets has been severe.

In the US, advances in communications technology are creating uncertainties among the equipment-makers, as Louise Kehoe reports.

Further regulatory changes that may allow AT&T to combine its marketing efforts for end-user communications and computer equipment along with normal long-distance services are expected to create more uncertainty among competitors and customers.

alternative to the public telephone network. According to a recent study by analysts at F. Rothschild, Unterberg, Towbin in San Francisco, the market for these so-called "very small aperture terminal" networks is currently worth only about \$15m, but will approach \$1bn by the end of this decade.

Challenges. This dynamic environment is providing challenges and opportunities for the equipment manufacturers. In the \$3.2bn US market for public network switching systems, currently dominated by AT & T and IBM, other competitors including Japanese and European manufacturers are scrambling to grab a share of the market and adapt their systems to US standards.

Telex and operate alongside high speed digital facsimile machines to connect computers to telephone lines are also increasing as more personal computer users need to connect their machines to databases, mainframe computers and each other. In the microcomputer area, the US market totals about \$600m and will grow to \$1.5bn by 1988, says Michael Murphy of Venture Capital Management in San Francisco.

The US equipment market

Table with columns: Amounts in \$m, 1985, 1989, Compound annual growth rate %.

Cost remains critical factor

LESS THAN 20 years ago, users of telecommunications equipment and systems, particularly those in the business sector, were looking desperately for technology both to improve existing services and to provide new facilities.

supporters would have to admit that they are still very small and not growing at the rates originally predicted.

Full duplex operation up to 9.6 kbits/s is now possible over the switched telephone network with dedicated circuit switched data networks for high transmission speeds.

Today, as a result of major technological advances and the erosion of traditional regulatory barriers, the situation has almost totally reversed. Merging microprocessor-based telecommunications and computing technology, in a myriad of forms, is searching for markets.

The key to future market acceptance of new services will be cost. Users seem prepared to try almost anything provided it can be cost-justified.

A packet switched data service, in which customers launch addressed blocks of data into the network to be individually routed to their destinations, has also been in operation in the UK since 1981. Network interworking options are available giving interworking, for example, with the Telex and telegraph networks.

Digital technology allows all forms of information—voice, data, moving pictures and so on—to be converted into a common binary code and sent in a bit stream from one subscriber to another over existing telephone or other specialist networks.

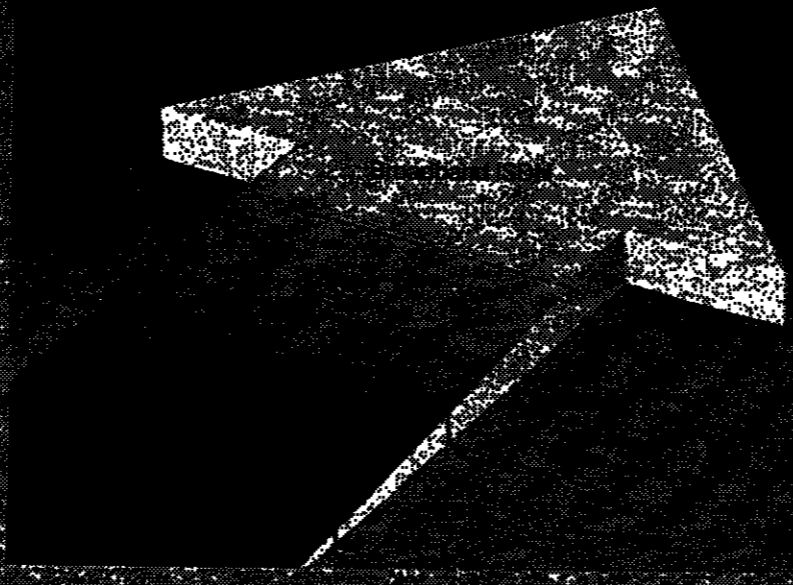
ing new services and facilities ranging from telemarketing to disaster recovery processes. It is predicted that the number of VAN service-providers has risen to about 150 with the number of operational or planned services estimated at about 600.

Electronic funds transfer—providing point-of-sale credit, automatic cash dispensing and coming increasingly into use—are now low-volume data services for teletext, teletour and alarms which could, for example, be used by the gas and electricity utilities for domestic meter reading.

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Britain sets the pace for reform

THE INSTITUTIONAL structure of state-dominated monopoly which has governed the European telecommunications industry for most of this century is starting to shudder and flex under the impact of technological, economic and political pressures.

In Britain, the system has already been cracked decisively by the programme of market liberalisation launched in 1981 and by the sale to private investors last year of just over half the Government's stake in British Telecom.

At present, Britain's experiment is by far the boldest break with the past made anywhere in Europe. But in many other countries, debate about the reform of telecommunications policy has been gathering momentum and in some cases is starting to produce action. For example:

- In West Germany, a Government-appointed committee is reviewing national telecommunications strategy and the role of the powerful Bundespost (Post Office).
- In the Netherlands, the Government has reached an advanced stage in considering proposals to inject private capital into its PTT (telecommunications authority) and break its monopoly over the supply of subscriber equipment.
- In Italy, 30 per cent of SIP, the principal state-owned net work operator, was sold this year to private investors.
- In France, right-wing opposition parties have indicated that they may press for measures to reduce state intervention in the national PTT if they win power in next year's parliamentary elections.
- In Ireland, the PTT was turned at the start of last year from a government department into a state-owned company.

A prime motive in each of these developments is the desire by policymakers to transform their national PTTs from civil service bureaucracies into more commercial enterprises, equipped to exploit more effectively the economic benefits of advances in communications and information technology.

However, the changes are taking place in a largely uncoordinated way. In spite of efforts by the European Commission in Brussels to nudge governments towards a common telecommunications policy, individual countries are all still pursuing different courses and timetables.

Hence the near-term prospects for a concerted attempt to reduce the jungle of incompatible rules and regulations which keep Europe's telecommunications market divided do not look particularly promising. Even in areas where the need for standardisation is universally accepted, such as the new generation of ISDN services, progress is halting and fragmentary.

In Western Europe, the debate over telecommunications reform is gathering momentum, although changes in some countries are taking place in a largely uncoordinated way, as Guy de Jonquieres reports.

Pressures mount on European suppliers

TELECOMMUNICATIONS manufacturing is regularly singled out by national and EEC policymakers as the only major sector in which Europe still looks able to mount a serious industrial challenge to the high-technology superiority of the US and Japan.

On paper, Europe's position appears promising. In contrast to the computer and semiconductor industries, where European suppliers have been reduced to minor roles even on their own home markets, EEC countries collectively enjoy a trade surplus in telecommunications equipment of about \$1bn a year.

The European industry can boast a solid record of technical achievement and innovation, including the development of pulse code modulation, one of the key elements in digital communications. Moreover, Europe has a large number of telecommunications manufacturing companies, several of which have established good export positions in "committed" (mainly third world) markets.

However, the outlook for the European industry is more precarious than these facts would seem to imply. The structure of the industry — as well as of its main geographic markets — is fragmented. Much of its production is in sectors where there is excess capacity, notably in public switching.

The structure of the telecommunications manufacturing industry in Europe remains fragmented, but the investments needed to remain technologically competitive are soaring, as Guy de Jonquieres reports here.

three major contenders in the U.S. Furthermore, while the American market is about 40 per cent of the world total, no European national market amounts to much more than 5 per cent.

No broad-range supplier can any longer survive solely on such a small market share. Moreover, European administrations are increasingly splitting orders between two or more digital systems: British Telecom's decision to pit the AXE exchange developed by L. M. Ericsson of Sweden against System X made by Plessey and GEC is only the latest example.

Some European companies, notably Philips of the Netherlands, France's Thomson, Britain's STC and Hasler of Switzerland, have already been forced to drop their own exchange development programmes. Most others are anxiously seeking ways to secure their survival.

There has also been a wave of defensive rationalisation moves between telecommunications manufacturers in several European countries. In France, Cit Alcatel has taken effective control of Thomson Telecommunications; in Italy, a merger has been agreed between Italtel and Telettra; and in Britain, GEC has launched a takeover bid for Plessey.

These measures may go some way to removing excess production capacity. But they seem unlikely, on their own, to provide long-term solutions to problems of international competitiveness. A race is now on between major European manufacturers to forge international alliances with stronger partners.

There have been repeated attempts at rapprochements between European companies. But so far, these have achieved little progress, in part because European suppliers share many of the same weaknesses. Long encouraged by their governments to think of themselves as "national champions," the leading European companies seem unwilling to make the reciprocal concessions which more than token collaboration would require.

It now appears more likely that the main axis of the European industry's future alliances will be transatlantic. Both Philips and Olivetti of Italy have already formed close links with American Telephone and Telegraph, while IBM is pressing hard to establish ties with national telecommunications authorities (PTTs).

Even in France, which has enthusiastically supported the idea of intra-European collaboration, the state-owned CCE group, the parent of Cit Alcatel, is in advanced negotiations on a deal with AT&T. So far, the French Government has opposed any link-up; the Government was strongly critical of the AT&T-Philips agreement two years ago, which it condemned as treachery to the European cause.

West Germany's Siemens, probably Europe's strongest electrical and electronics group, is openly dismissive of talk of an "all-European" strategy in telecommunications manufacturing. It is pinning many of its hopes on the US, where it is spending \$200m on an attempt to enter the public exchange market and is discussing proposed collaboration with GTE, the second largest American telephone company.

Ericsson, Plessey and Cit Alcatel are also seeking to establish bridgeheads in the US public exchange market, though with mixed success so far. Siemens is the only European company to date to have won an order from one of the Bell regional telephone companies which are the main customers for public exchanges.

Many of the European industry's problems stem from the

The switching market in Europe

	1974	1984 (digital switching)
Austria	Siemens 70% ITT 10% Local manfr.: IFT patent	Siemens IFT 30% Local manufacturer 50% Northern Telecom Patent IFT 80% GTE 20%
Belgium	ITT 80% GTE 20%	Ericsson 80% ITT 20%
Denmark	Ericsson 70% ITT 10% Siemens 20%	Cit-Alcatel (patent) 50% Ericsson 30% Siemens 15%
Finland	ITT 15% Siemens 25%	ITT 70% Ericsson 30%
Spain	ITT 25% Ericsson 25%	Cit-Alcatel } 84% Thomson I } C&CT 16% Plessey } GEC } 100%
France	ITT 42% Ericsson 18% Cit-Alcatel 40%	
UK	ITT GEC	n.a.
Greece	Siemens 40% ITT 40% Philips 15%	
Ireland	Ericsson 65% ITT 35%	Cit-Alcatel 40% Ericsson 40% Italtel and Second polt
Italy	ITT 50% GTE 5%	
Norway	Ericsson 15% ITT 60%	ITT 100%
Holland	Philips 75% Ericsson 25%	Philips ATT 75% Siemens 60% ITT 40%
W. Germany	Siemens 55% ITT 30% Telade 15%	n.a.
Portugal	ITT 50% Ericsson 50%	Ericsson 100%
Sweden	Ericsson 100%	n.a.
Switzerland	ITT 35% Siemens 30%	

Source: Europe and the New Technologies.

Comparative Investments

	Telecommunications equipment market 1981 (\$m)	Population (m)	\$/Capita
EC total	8,620	278.86	31.26
Japan	5,310	116.78	45.47
US	18,300	227.66	80.38

Source: Arthur D. Little

compartamentalisation of national markets and suppliers' heavy reliance on protected orders and subsidies from their national PTTs.

Some critics argue that this dependence has robbed the European manufacturers of the spirit of enterprise. Sir George Jefferson, chairman of British Telecom, described them last year as "introspective and non-risk taking captives of monopoly customers."

Because they have enjoyed large orders from their national telecommunications authorities, which buy almost three-quarters of their output, few European telecommunications companies have made much effort in the past to develop their own marketing and distribution resources.

This is starting gradually to change, as the companies recognise that much of the industry's future growth will lie in selling equipment such as terminals direct to end-users.

An additional handicap is the severe shortage in Europe of young "start-up" companies of the kind which have pioneered much of the innovation in products such as workstations in the US. Some of these, such as Rolm, a leading US supplier of digital PBXs, have become industry leaders less than a decade after they were set up.

In Europe, however, differing technical standards and approvals procedures, complex administrative procedures and outright protection create enormous obstacles for young companies. As a consequence, the ranks of the leading suppliers in most countries have changed little in recent years.

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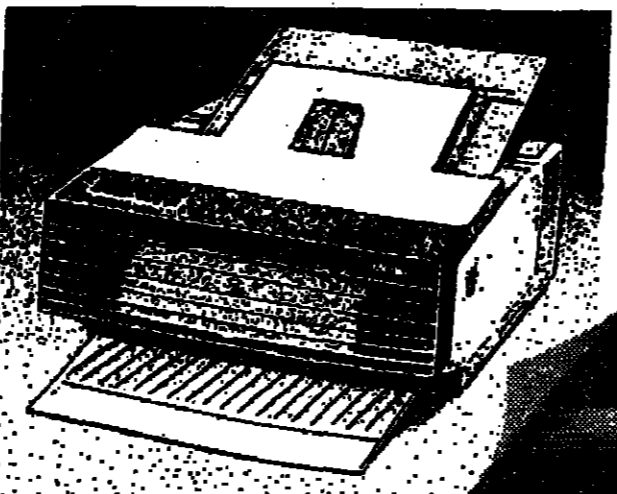
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Communications 6

BT responds quickly to fend off its rivals

A stimulus to competition in the UK has benefited customers, but British Telecom remains the major player, Jason Crisp reports

SIX YEARS ago telecommunications in Britain were wholly the responsibility of the Post Office which was only answerable to the Government. It behaved rather like a majestic old cruise liner which had seen better days...

orous and competitive telecommunications business. British manufacturers, freed from the restrictions and constraints of a monopoly...

The privatisation of BT provided the greatest single contradiction in the Government policy because it meant a reinforcement of monopolies...

Reinforced Two events have happened which have reinforced British Telecom's position in the UK. First, it responded to the threat of competition with commendable speed and enthusiasm...

But as PABXs have an expected life of at least eight years there is very little of the present market left for the new entrants to capture.

However, its structure and weak financial systems meant a break-up would not have been possible in the short timescale for privatisation envisaged by the Government.

The impact of competition in the three main areas of telecommunications—equipment, special services and the basic networks—has been mixed.

UK's liberalisation did not start out that way. When Mercury was set up four years ago as a joint venture between Cable and Wireless, BP and Barclays Merchant Bank, it was only intended to compete for a very small sector of the telecommunications network traffic.

Early next year it will start a dialled service for all the country which will be achieved through interconnection with BT's own network.

Mercury's greatest breakthrough has been its interconnection with BT which was made in October by Professor Bryan Carsberg, director-general of the Office of Telecommunications.

Mercury is widely expected to become a substantial company with sales of about £300m a year by the end of the decade, according to analysts.

One is Cellnet, a joint venture between British Telecom and Securicor, and a new company to telecommunications networks.

The critical decision for Mercury was last year's interconnection decision made by Prof Bryan Carsberg, director-general of OfTel.

As a result of that favourable ruling, Cable and Wireless has decided to bring forward its investment plans for Mercury.

As a result of the considerable legal, commercial and regulatory changes in Mercury, analysts have increased their expectation of the company's growth.

Mercury's greatest breakthrough has been its interconnection with BT which was made in October by Professor Bryan Carsberg, director-general of the Office of Telecommunications.

Debate

over policies

CONTINUED FROM PREVIOUS PAGE

at business customers, while France's PIT has sought to develop a more entrepreneurial approach by setting up arm's length subsidiaries to run operations such as Transpac, its national data network.

As state organisations which are often part of the machinery of central government, PITs wield considerable influence in the setting of telecommunications policy.

Once-cosy world thrown into turmoil

After decades of stability and rather limited competition Britain's telecommunications industry has been thrown into turmoil.

This once-cosy world has been shaken by new and forceful entrants into the market from both overseas and the UK and by the considerable changes in British Telecom, a result of liberalisation and privatisation.

One result is that no significant sales of System X have been achieved overseas. With the price of exchanges falling rapidly and development costs rising equally quickly there is a widely-held view that it no longer makes sense to have two suppliers competing for the comparatively small UK market.

As a result of these changes the British telecommunications industry is beginning to look very different. The main changes are:

New market entrants and British Telecom changes have shaken up the industry, Jason Crisp reports.

1982 STC was dropped and the development programme accelerated with Plessey as prime contractor.

In spite of attempts to speed up the introduction of System X it is still only just beginning to be installed in the network in very small quantities—at least two years later than the revised programme.

One result is that no significant sales of System X have been achieved overseas. With the price of exchanges falling rapidly and development costs rising equally quickly there is a widely-held view that it no longer makes sense to have two suppliers competing for the comparatively small UK market.

A further pressure on the System X suppliers has been BT's decision to buy a second group of digital exchanges which were developed by LSI Ericsson of Sweden. These are being supplied by Thorn Ericsson a joint venture between the Swedish group and Thorn EMI.

Clarification of game plan after EEC entry

Spain is about to bring in a law which will, among other things, define the position of semi-state company Telefonica, David White writes

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Initiatives begin to bear fruit

In France, high priority is being given to a strategy of expansion in the industry, David Marsh reports

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Under strain

The Transpac packet-switching network linking Minitels to central computers, broke down during the summer under strain of growing utilisation.

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AXE digital switching systems have been very successful on world markets. Britain is one of 62 countries which has selected the system—the exchanges in the UK network will be produced. Thorn Ericsson's Southampton plant in a contract for BT worth up to £160m.

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